

THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528

December 2025 | Vol. 60 | No. 12 | Pages - 124 | ₹ 100

COST AUDIT

ENHANCING TRANSPARENCY, EFFICIENCY AND
STRATEGIC DECISION-MAKING



Journal of



ICMAI
**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**

भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

www.icmai.in

1





ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
भारतीय लागत लेखाकार संस्थान
Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

www.icmai.in



Real Time
TRACKING Available



Delivery at your
DOORSTEP



Printed Copy (Optional)

THE MANAGEMENT ACCOUNTANT JOURNAL

Assured delivery through **MAGAZINE POST**



E-mail:
journal.hardcopy@icmai.in

Scan **QR** code for
Instant Payment to
get Hard Copy



Link for Payment: https://eicmai.in/journal_mms/PublicPages/UserRegistration/Login-jac.aspx/

- **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of Cost & Management Accountancy.
- It has since been continuously contributing to the growth of the industrial and economic climate of the country.
- The Institute of Cost Accountants of India is the only recognized statutory professional organisation and licensing body in India specialising exclusively in Cost & Management Accountancy.

VISION STATEMENT

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

MISSION STATEMENT

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

Institute Motto

असतोमा सद्गमय
तमसोमा ज्योतिर् गमय
मृत्योर्मांमृतं गमय
ॐ शान्ति शान्ति शान्तिः

From ignorance, lead me to truth
From darkness, lead me to light
From death, lead me to immortality
Peace, Peace, Peace

IDEALS THE INSTITUTE STANDS FOR

- to develop the Cost and Management Accountancy Profession
- to develop the body of members and properly equip them for functions
- to ensure sound professional ethics
- to keep abreast of new developments



Headquarters:

CMA Bhawan, 3, Institutional Area, Lodhi Road
New Delhi - 110003



Kolkata Office:

CMA Bhawan, 12, Sudder Street, Kolkata - 700016

**Behind every successful business decision,
there is always a CMA**

*The Management Accountant, official organ of
The Institute of Cost Accountants of India, established in
1944 (founder member of IFAC, SAFA and CAPA)*

Publisher – Sucharita Chakraborty – The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.

Place of Publication – The Institute of Cost Accountants of India, 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.

Printer – Maneck Eruch Davar, 10th Floor, Sun Paradise Business Plaza, Opp. Kamala Mills, Senapati Bapat Marg, Lower Parel., Mumbai, Maharashtra – 400013.

Printing Press – Spenta Multimedia Private Limited, Plot No. 15, 16 & 21/1, Morivali MIDC, Village Chikhholi, Ambarnath West, Thane, Maharashtra – 421505.

Editor – Sucharita Chakraborty – 12, Sudder Street, P. S. New Market, Kolkata, West Bengal – 700016.

Owner – The Institute of Cost Accountants of India, 12, Sudder Street, Kolkata, West Bengal – 700016.

Chairman, Journal & Publications Committee

CMA Harshad Shamkant Deshpande
chairman.journal@icmai.in

ENQUIRY

- **Articles/Publications/News/Contents/Letters/
Book Review/Enlistment**
editor@icmai.in
- **Non-Receipt/Complementary Copies/Grievances**
journal@icmai.in
- **Subscription/Renewal/Restoration**
journal@icmai.in

EDITORIAL OFFICE

CMA Bhawan, 4th Floor, 84, Harish Mukherjee Road
Kolkata - 700 025, Ph: 033-24540184

The Management Accountant technical data

Periodicity : Monthly
Language : English

Overall Size : 26.5 cm x 19.6 cm

Subscription

Inland: ₹1,000 p.a or ₹100 for a single copy

Overseas: US\$ 150 by airmail

Concessional subscription rates for registered students of the Institute: ₹300 p.a or ₹30 for a single copy

The Management Accountant Journal is Indexed and Listed at:

- Index Copernicus and J-gate
- Global Impact and Quality factor (2015):0.563

We have expanded our Readership from 1 to 94 Countries

Afghanistan, Algeria, Argentina, Australia, Azerbaijan, Bahrain, Bangladesh, Belgium, Benin, Botswana, Brazil, British Indian Ocean Territory, Bulgaria, Cambodia, Cameroon, Canada, Chile, China, Colombia, Croatia, Czech Republic, Djibouti, Egypt, France, Gambia, Germany, Ghana, Great Britain, Greece, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Liberia, Lithuania, Malawi, Malaysia, Mauritius, Mexico, Morocco, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nigeria, Oman, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saudi Arabia, Serbia, Seychelles, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Suriname, Sweden, Switzerland, Syria, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States of America, Vietnam, Zaire, Zimbabwe

Inside

December 2025

Cover Story

24 **COST AUDIT: ENHANCING TRANSPARENCY, EFFICIENCY AND STRATEGIC DECISION-MAKING**

- CMA Ajay Vashisth

28 **COST AUDIT IN ERP ERA – CONFIGURING ERP TO ENABLE ACCURATE REPORTING OF COSTS**

- CMA (Dr.) R. Jayaram, CMA (Dr.) G. Balasubramanian &
CMA Srinivasan Kalyanasundaram

34 **STRATEGIC COST AUDIT: A TOOL FOR TRANSFORMING COMPLIANCE INTO COMPETITIVE INTELLIGENCE**

- CMA Rajendra Kumar Joshi

40 **'COST AUDIT' IS NEED OF HOUR IN BANKING SECTOR**

- CMA (Dr.) P. Siva Rama Prasad

45 **ROLE OF AI TOOLS IN COST AUDIT OPPORTUNITIES & CHALLENGES FOR COST AUDITORS IN INDIA**

- CMA (Dr.) Ritesh Agarwal

49 **COST AUDIT AS A STRATEGIC TOOL FOR PLANNING AND PRICING DECISIONS IN UNCERTAIN BUSINESS ENVIRONMENTS**

- CMA (Dr.) R. Ravichandran & N. Rakesh

56 **WHY ICAI SHOULD TEACH ERP: A STRATEGIC IMPERATIVE FOR THE NEXT-GEN COST AND MANAGEMENT ACCOUNTANT**

- CMA Ramesh Kumar Ganti

59 **COST AUDIT AS A TOOL FOR STRATEGIC PLANNING AND PRICING DECISIONS**

- CMA Karan Singh Nagpal

61 **FRAUD DETECTION THROUGH COSTING INTELLIGENCE (CI) A special Focus on: The Cost Auditor's mandated role in Reporting Frauds under the Companies Act, 2013**

- CMA Pradnya Y. Chandorkar & CMA A Sekar

68 **COST AUDIT: ENHANCING TRANSPARENCY, EFFICIENCY AND STRATEGIC DECISION – MAKING LINKAGE OF COST AUDIT WITH GST COMPLIANCE AND INPUT TAX CREDIT VERIFICATION**

- CMA Srabani Ghosh



DECEMBER VOL 60 NO.12 ₹100

Contents



CMA Proteek Kumar Chakraborty

Director (Finance), ECIL
Hyderabad

Applied Insights

INSIGHTS FROM THE CHRISTMAS CONUNDRUM: A MANAGEMENT PUZZLE OF LUXURY, FAILURE AND RESILIENCE

- CMA (Dr.) Dipra Bhattacharya

Sustainable Finance

INDIA'S GREEN BOND MARKET

- CMA Rakesh Kumar Prasad

Labour Market

INDIA'S LABOUR MARKET: THE ISSUES AND THE PLAUSIBLE RESPONSES

- Dr. Arnab Majumdar

Case Study

INDIAN FAMILY BUSINESS SEPARATION AS CONTINUITY – GODREJ - Dr. Hitesh Shukla & Hiren N Gandecha

From the Editor's Desk	06
President's Communiqué	07
ICMAI-CMA Snapshots	13
Brochure - 63 rd NCMAC 2026	16
Down the Memory Lane	98
News from the Institute	100
Article / Author Index 2025 (Vol. 60 Nos. I - XII)	110
Miscellaneous Index 2025 (Vol. 60 Nos. I - XII)	121
Papers Invited - The Management Accountant	122

Images in this issue are sourced from Google

PRESIDENT

CMA TCA Srinivasa Prasad

VICE PRESIDENT

CMA Neeraj Dhananjay Joshi

COUNCIL MEMBERS

CMA (Dr.) Ashish Prakash Thatte

CMA Ashwin G. Dalwadi

CMA Avijit Goswami

CMA Bibhuti Bhusan Nayak

CMA Chittaranjan Chattopadhyay

CMA Harshad Shamkant Deshpande

CMA (Dr.) K Ch A V S N Murthy

CMA Manoj Kumar Anand

CMA Navneet Kumar Jain

CMA Rajendra Singh Bhati

CMA Suresh Rachappa Gunjalli

CMA (Dr.) V. Murali

CMA Vinayaranjan P

Ms. Anita Shah Akella

Shri Jyoti Prakash Gadia

Shri Inder Deep Singh Dhariwal

CS (Dr.) Shyam Agarwal

Shri Sushil Kumar, IAS (Retired)

EDITORIAL ADVISORY TEAM

CMA (Dr.) Arindam Banerjee

Dr. Ashish Kumar Sana

Shri Basant Kumar Nayak

Dr. Duke Ghosh

CMA (Dr.) Gaddam Naresh Reddy

CMA Malay Paul

CMA Pankaj Kapoor

CMA Sudhir Y Raikar

CMA (Dr.) Swapan Sarkar

Dr. Tanupa Chakraborty

Shri Vikash Goel

Shri Vikash Mundhra

Secretary (Officiating)

CMA (Dr.) Debaprosanna Nandy

DISCLAIMER -

- ⊙ The Institute of Cost Accountants of India does not take responsibility for returning unsolicited publication material. Unsolicited articles and transparencies are sent in at the owner's risk and the publisher accepts no liability for loss or damage.
- ⊙ The views expressed by the authors are personal and do not necessarily represent the views of the Institute and therefore should not be attributed to it.
- ⊙ The Institute of Cost Accountants of India is not in any way responsible for the result of any action taken on the basis of the articles and/or advertisements published in the Journal. The material in this publication may not be reproduced, whether in part or in whole, without the consent of Editor, The Institute of Cost Accountants of India. All disputes are subject to the exclusive jurisdiction of competent courts and forums in Kolkata only.

From the EDITOR'S DESK

Winter arrives with its blossoms, and Christmas is at our doorstep. As we take our final steps toward the year 2026, we are delighted to present the latest edition of *The Management Accountant*, centered on the theme **Cost Audit: Enhancing Transparency, Efficiency and Strategic Decision-Making**.

In an increasingly competitive and compliance-oriented business landscape, cost audit has become an essential instrument for strengthening financial transparency and reinforcing organizational accountability. By independently validating cost records and ensuring conformity with cost accounting standards, cost audit enhances stakeholder confidence and assures them that resources are being utilized judiciously. At a time marked by evolving regulatory demands and closer scrutiny, cost audit provides clarity, reliability, and integrity in cost information, serving as a crucial pillar of sound governance.

However, the role of cost audit extends far beyond statutory compliance. It has evolved into a powerful driver of operational excellence and strategic decision-making. Insights generated through cost audit help management pinpoint inefficiencies, reduce waste, benchmark performance, and optimize resource deployment. These outcomes enable leadership to design informed strategies, improve profitability, and sustain long-term growth. Cost audit, therefore, is not just a regulatory formality—it is a strategic asset that enhances competitiveness and supports

value creation.

Article Coverage in This Issue

- ⊙ *Cost Audit: Enhancing Transparency, Efficiency and Strategic Decision-Making* examines the legal framework of cost audit in India, its growing significance in corporate governance, its contribution to performance enhancement, and the increasing integration of technology and analytics. It also highlights connections with GST, transfer pricing, tax assessments, and the need for capacity building among CMAs.
- ⊙ *Cost Audit in ERP Era – Configuring ERP to Enable Accurate Reporting of Costs* A discussion on identifying product and customer-level costs in an ERP environment and presenting them effectively under CTA headings.
- ⊙ *Strategic Cost Audit: A Tool for Transforming Compliance into Competitive Intelligence* argues that cost audit must evolve from a compliance function into a strategic intelligence mechanism to combat margin pressures and strengthen competitive advantage.
- ⊙ *'Cost Audit' is need of hour in Banking Sector* concludes that while Indian banks are not mandated to undergo cost audit under the Companies Act, integrating cost management principles is vital for operational

efficiency, profitability, and robust governance.

- ⊙ *Role of AI tools in Cost Audit – Opportunities & Challenges for Cost Auditors in India* A comprehensive review of the legal context, AI techniques applicable to cost audit, associated opportunities and risks, and recommendations for auditors, institutions and regulators.
- ⊙ *Cost Audit as a Strategic tool for Planning and Pricing Decisions in Uncertain Business Environments* emphasizes how structured cost audit processes deliver validated cost intelligence that strengthens strategic choices and resilience in turbulent times.
- ⊙ *Why ICMAI should Teach ERP: A Strategic Imperative for the Next-Gen Cost and Management Accountant* The central message underscores that ERP proficiency transforms CMAs into enterprise transformation leaders.
- ⊙ *Cost Audit as a tool for Strategic Planning and Pricing Decisions* A detailed exploration of how cost audit connects operational insights with strategic decision-making to analyze cost behavior, enhance pricing strategies and boost competitiveness.
- ⊙ *Fraud Detection through Costing Intelligence (CI)* outlines a structured approach to fraud detection and highlights the expanding role of cost consultants in safeguarding organizational integrity.
- ⊙ *Cost Audit: Enhancing Transparency, Efficiency and Strategic Decision-Making* focuses on the synergy between cost audit and GST compliance, particularly ITC verification, internal controls, and reconciliation processes. It explains how alignment of cost audit with GST documentation reduces tax risk and enhances financial discipline.

Along with these thematic articles, this issue features contemporary topics and an exclusive interview with **CMA Proteek Kumar Chakraborty, Director (Finance), ECIL, Hyderabad**. His reflections on leadership, adaptability, and strategic decision-making in a technology-driven environment provide valuable insights for professionals navigating today's complex business landscape.

We welcome your thoughts and feedback at editor@icmai.in.

Enjoy reading—and keep writing!



President's Communiqué

CMA TCA Srinivasa Prasad

President

The Institute of Cost Accountants of India

"In attaining our ideals, our means should be as pure as the end."

-- Dr. Rajendra Prasad

My Dear Professional Colleagues,
Namaskaar!

As the year 2025 draws to a close, it is a moment to reflect on the collective achievements of the Institute and its vibrant fraternity of Members and Students. December is a time to celebrate milestones, embrace the spirit of learning and prepare for the opportunities and challenges that the coming year holds. The Institute remains committed to empowering its members through initiatives that foster professional excellence, thought leadership and meaningful engagement. Let this festive season inspire renewed energy, innovation and collaboration as the CMA profession continues to contribute to national growth and the development of a Viksit Bharat.

63rd National Cost and Management Accountants' Convention (NCMAC) 2026

It gives immense pleasure to extend an invitation to all Members and Students to participate in the **63rd National Cost & Management Accountants' Convention (NCMAC) 2026**, being organized by the Institute from **9th to 11th January 2026** at Merlis Hotel, Coimbatore, Tamil Nadu, on the theme **"RISE India – Reposition India and CMAs, Intensify Growth, Strengthen Competence & Enhance Capabilities."** The Convention will feature technical sessions on emerging domains and a CMA Leaders' Meet, with enriching insights from eminent speakers representing the Government, industry, academia, institutions, and professional bodies. With a focused

agenda on Cost Competitiveness, Productivity Improvement, Sustainability, ESG adoption, and Digital Innovation, NCMAC 2026 is poised to be a landmark platform for shaping the future direction of the CMA profession.

All are encouraged to register at the earliest using the link: https://eicmai.in/NCMAC_2026/index.aspx or the QR Code below:



Your enthusiastic participation will greatly contribute to the success of this grand convention.

Pre-Budget Meeting for the Union Budget 2026-27

A delegation from the Institute, led by the undersigned, comprising CMA Bibhuti Bhusan Nayak, Immediate Former President; CMA Rajendra Singh Bhati, Chairman, Direct Taxation Committee; and CMA Mrityunjay Acharjee, Member (Co-opted), Direct Taxation Committee, presented the Institute's suggestions during the Pre-Budget Meeting for the Union Budget 2026–27, convened by the Department of Revenue, Ministry of Finance, on 17th November 2025 at New Delhi. The recommendations covered key areas such as the Income Tax Act, 2025, GST 2.0, litigation mitigation, appellate mechanisms, MSMEs, digital taxation and initiatives aimed at improving the ease of doing business. This participation reflects the Institute's steadfast commitment to contributing informed and impactful insights to national fiscal and policy deliberations.

Meeting with dignitaries

It is a pleasure to inform that the Institute was represented by the undersigned, along with CMA Neeraj Dhananjay Joshi, Vice President; CMA Manoj Kumar Anand, Council Member; and CMA (Dr.) D. P. Nandy, Secretary (Officiating), at the meetings chaired by Smt. Deepti Gaur Mukerjee, Secretary, Ministry of Corporate Affairs, held on 13th November 2025 and 28th November 2025 in New Delhi.

CMA Neeraj Dhananjay Joshi, Vice President; CMA Manoj Kumar Anand, Council Member; CMA (Dr.) Ashish P. Thatte, Council Member and CMA Sanjay Gupta, Former President had a meeting with Shri P. K. Saha, Adviser (Cost), Cost Audit Branch, MCA and Shri Sanjay Shorey, Director General of Corporate Affairs, MCA on 14th November 2025 at New Delhi.

CMA Manoj Kumar Anand, Council Member, felicitated CMA Gaurav Gulati, Director (Finance), NSIC Limited on 24th November 2025 at New Delhi.

CMA Neeraj Dhananjay Joshi, Vice President along with CMA Manoj Kumar Anand, Council Member and CMA (Dr.) D.P. Nandy, Secretary (Officiating) had a meeting with Ms. Helen Brand OBE, Chief Executive, ACCA-UK; Md. Sajid Khan, Director - India, ACCA and Mr. Sundeep Jakhar, Head of Public Affairs (India), ACCA on 25th November 2025 at New Delhi.

CMA Manoj Kumar Anand, Council Member along with CMA (Dr.) D.P. Nandy, Secretary (Officiating), felicitated CMA Ramesh Chandra Mishra, on his taking over as Regional Director (NR)-II, Chandigarh, MCA on 27th November 2025 at New Delhi.

UGC Nomination to Ph.D. Excellence Review Committee

It is a matter of great honour for the Institute, that, the University Grants Commission (UGC) has nominated the President of the Institute to serve as a member of the Review Committee for the Ph.D. Excellence Citation Award – 2024. The UGC instituted this prestigious citation in 2024 to acknowledge outstanding Ph.D. research across five major streams, Sciences, Engineering & Technology, Social Sciences, Commerce & Management and Indian Languages. The Review Committee, with the representation of the Institute, has been

entrusted with the responsibility of evaluating the applications to ensure that the selected scholars truly reflect excellence in research and scholarship. This nomination is a testament to the Institute's growing contribution to the national academic and research ecosystem.

CII-TCM International Conference on Total Cost Management (Cost Congress 2025)

ICMAI was privileged to be the Knowledge Partner for the 24th Edition of the International Conference on Total Cost Management (Cost Congress 2025) organized by CII-Total Cost Management Division (CII-TCM), on 3rd & 4th November 2025 in Mumbai on the theme “Value Unlocking in Business – Creating Competitive Advantage - TCM Way”. A major highlight of the Conference was the unveiling of TCM 3.0, an advanced framework with a strong emphasis on Cost Competitiveness, followed by a dedicated workshop on 5th November 2025.

The event also marked the launch of the Certificate Course in Total Cost Management by ICMAI in association with CII-TCM, aimed at enhancing professional competencies in cost management. It was a pleasure to represent the Institute at the event, along with CMA Neeraj Dhananjay Joshi, Vice President; CMA Suresh Rachappa Gunjalli, Council Member and CMA (Dr.) D.P. Nandy, Secretary (Officiating). The Institute's participation reaffirmed its commitment to promoting thought leadership in Total Cost Management and strengthening collaboration with industry stakeholders.

Workshop on Multi-Disciplinary Partnerships (MDPs)

The Indian Institute of Corporate Affairs (IICA) organized a one-day workshop of all three professional Institutes on 26th November 2025 at IICA, Manesar, chaired by Shri Gyaneshwar Kumar Singh, DG & CEO, IICA, to deliberate on the aspect of creating common resource pool for the Multi-Disciplinary Partnership (MDPs).

The Institute was represented by CMA Neeraj Dhananjay Joshi, Vice President; CMA Manoj Kumar Anand, Council Member; CMA (Dr.) D.P. Nandy, Secretary (Officiating); and CMA Tarun Kumar, Director (Technical), who presented valuable inputs on behalf of the Institute, reflecting its commitment to professional development and capacity building initiatives.

Launch of Daily "TAX INSIGHT"

The Tax Research Department has commenced the publication of "TAX INSIGHT", a daily update designed to keep Members and Students of the Institute informed about important developments in the field of taxation. This new initiative is being circulated every day through email and is also available on the official WhatsApp Channel of the Institute. The launch of TAX INSIGHT reflects the Institute's commitment to providing timely, relevant and practical knowledge resources to support continuous professional growth.

Southern and Eastern Region Chapters Meet

The Southern India Regional Council (SIRC), together with the Regional Council & Chapters Coordination Committee, organized the Southern Region Chapters Meet 2025–26 on 1st November 2025 at Hyderabad, while the Eastern India Regional Council (EIRC) held the Eastern Region Chapters Meet 2025–26 on 23rd November 2025 at Gopalpur.

These events brought together chapter representatives from across both the regions, fostering collaboration and professional growth. The Meets focused on enhancing inter-chapter coordination, reviewing performance and aligning local initiatives with the strategic objectives of SIRC and EIRC. Through interactive sessions and discussions, participants exchanged best practices and insights, contributing to a consolidated roadmap for chapter-level initiatives for the year ahead. The Council expressed its appreciation for the active engagement of all delegates.

Programmes on Multi-Disciplinary Partnership (MDP) Firms

The Professional Development and CPE Committee has commenced a structured initiative to gather feedback from members on significant matters such as the formation of Multi-Disciplinary Partnership (MDP) Firms, inputs for the upcoming version of MCA21 and various emerging challenges before the profession. As part of this exercise, a series of interactive programmes are being organized across different locations to facilitate informed discussions and collective insights.

The first programme in the series, titled "Discussions Concerning the Issue of Forming MDP Firms & Inputs for the Next Version of MCA21,"

was conducted at the Bengaluru Chapter on 12th November 2025. It was a pleasure to participate in the kickoff event and to address the members. The session also witnessed active participation from Vice President, CMA Neeraj Dhananjay Joshi; Council Members, CMA Manoj Kumar Anand; CMA (Dr.) V Murali; CMA Chittaranjan Chattopadhyay; CMA P. Vinayaranjan and CMA Suresh R. Gunjalli; CMA G. N. Venkataraman, Former President and CMA (Dr.) D.P. Nandy, Secretary (Officiating). Their valuable contributions enriched the dialogue and strengthened the collaborative efforts aimed at shaping the profession's future course. The programme was also attended by CMA Vishwanath Bhat, Immediate Former Chairman, SIRC; CMA Girish Kambadaraya, RCM, SIRC; CMA Raghavendra B. K., Chairman, Bengaluru Chapter and other office bearers of Bengaluru Chapter.

The Eastern India Regional Council (EIRC) conducted a CPE programme on Multi-Disciplinary Partnership (MDP) Firms on the topic "Discussions Concerning the Issue of Forming Multi-Disciplinary Partnership Firms and Inputs for the Next Version of MCA21" on 19th November 2025 at the EIRC Auditorium, CMA Bhawan, Kolkata. The programme was graced and addressed by CMA Neeraj Dhananjay Joshi, Vice President; CMA Bibhuti Bhusan Nayak, Immediate Former President; CMA Manoj Kumar Anand, Council Member; CMA Chittaranjan Chattopadhyay, Council Member; CMA Arati Ganguly, Chairperson, EIRC; CMA Abhijit Dutta, Secretary, EIRC and CMA Bidyadhar Prasad, Treasurer, EIRC.

Both events served as productive platforms for meaningful discussions, exchange of professional insights and valuable inputs concerning the formation and regulation of MDP firms.

As we wrap up the year, let us reaffirm our collective commitment to excellence, innovation and service to the nation. The Institute extends warm wishes to all Members and Students for a Merry Christmas and a bright, progressive year ahead.

Jai Hind!

With warm regards,



CMA TCA Srinivasa Prasad

1st December 2025

BRIEF SUMMARY OF THE ACTIVITIES OF VARIOUS DEPARTMENTS/ COMMITTEES/ BOARDS OF THE INSTITUTE DURING THE MONTH OF NOVEMBER 2025

BANKING, FINANCIAL SERVICES AND INSURANCE BOARD

The Banking, Financial Services & Insurance Board continued its various activities and initiatives in November 2025, a synopsis of which is presented herein under:

A. Webinars

⦿ Webinar on Capital Markets Value and Price

The Board organized the webinar on 7th November 2025. Shri Mahesh Bhatt, Vice President, KIRTICORP was the Speaker.

⦿ Webinar on From Policy to Practice: Building Stronger Governance and Control Frameworks

The Board organized a webinar on 12th November 2025. Shri Swakshar Basu, FCPA Australia and RIMS-CRMP, Senior Manager, Risk and Compliance, Telecommunications Company was the Speaker.

B. Certificate Courses

The Certificate Course on Concurrent Audit of Banks (13th Batch), Credit Management in Banks (13th Batch) and Treasury and International Banking (11th Batch) has started.

The last date for admission is 31st December 2025. Link to the admission window is as follows:

<https://eicmai.in/OCMAC/BFSI/DelegatesApplicationForm-BFSI.aspx>

CAREER COUNSELLING & PLACEMENT COMMITTEE

The Directorate of Career Counselling & Placement successfully conducted the CMA Campus Placement Programme at Chennai, Kolkata, Pune, Ahmedabad, Jaipur and Bengaluru for the newly qualified professionals of the Institute of the June 2025 Term during the month of October and November 2025.

The placement drive witnessed enthusiastic participation from leading Public Sector Undertakings (PSUs), Multinational Corporations (MNCs) and several prominent corporate houses such as GAIL (India) Limited, NLC (India) Limited, Bharat Electronics Limited, BEML Limited, ITC Limited – Hotels Division and Paperboards &

Specialty Papers Division, Ford Motor Pvt. Ltd., TVS Motor Company, Avega Business Solutions Pvt. Ltd., Cosmos Co-operative Bank Ltd., Sun Pharmaceutical Industries Ltd., Honda Cars India Ltd., Accenture Solutions Pvt. Ltd., UPL Limited, RSM Astute Consulting Pvt. Ltd., Tax Connect Advisory Services LLP, Teva Pharmaceutical Industries Ltd., Fenesta, Alpha Centauri Mining (Gabon), West Coast Optilinks, Ratnaafin Capital Private Limited, Texspin Bearings Limited, Zentiva Pvt. Ltd., Naman In-Store (India) Ltd., Linxon India Engineering Pvt. Ltd., Lennox India Technology Centre, Galaxy Health Insurance Co. Ltd., Vasista Enterprise Solutions Pvt. Ltd., Kribhco Green Energy Private Limited, Mindsprint, Impacttree Data Technologies Pvt. Ltd., Zebrionics India Pvt. Ltd., and many other esteemed organisations.

Heartfelt appreciation is extended to all participating organisations for their continued trust, support and participation in the CMA Campus Placement Programmes. Congratulations are also conveyed to all successful candidates, along with best wishes for their professional journey ahead.

DIRECTORATE OF CAT

⦿ CAT Course in partnership with Directorate General Resettlement (DGR), Ministry of Defence, Government of India

During the month of November 2025, three new batches of the CAT Course commenced at Ahmedabad, Lucknow and Pune. The inauguration ceremonies were held either physically or virtually, marking another milestone in this collaborative initiative.

At Lucknow, the inaugural programme held on 24th November 2025, was graced by Col. Prashant Mishra, Joint Director, DRZ (Central), Department of Ex-Servicemen Welfare, Ministry of Defence, in the presence of CMA (Dr.) Sunil Kumar Singh, Former Chairman, NIRC, along with the Managing Committee Members of the Lucknow Chapter. CMA Rajendra Singh Bhati, Chairman-CAT addressed the candidates virtually.

At Pune, the event held on 24th November 2025 was honoured by the presence of Cdr Rahil Rai,

Joint Director, DRZ (South), Department of Ex-Servicemen Welfare, Ministry of Defence; CMA Neeraj Dhananjay Joshi, Vice President; CMA (Dr.) Sanjay R. Bhargave, Former Council Member; CMA Chaitanya L. Mohrir, Secretary, WIRC; and CMA Shrikant Ippalpalli, Chairman, Pune Chapter, along with the Managing Committee Members of the Pune Chapter.

At Ahmedabad, in a hybrid ceremony held on 26th November 2025, Lt Col Neeraj Kumar addressed the candidates in the presence of CMA Mitesh Prajapati, Chairman, Ahmedabad Chapter. CMA Rajendra Singh Bhati, Chairman-CAT addressed the candidates virtually.

Further, a batch at Kota concluded on 28th November 2025, preceded by a valedictory function on 27th November 2025 in the presence of Maj Siddharth Bhatia as Chief Guest, CMA S.N. Mittal, RCM, NIRC, CMA Surendra Gupta, Chairman, Kota Chapter along with the MC Members of the Kota Chapter.

During these programmes, all senior officials from DGR who attended as Chief Guests unanimously commended the participants for their decision to enhance their professional skills through the CAT Course and appreciated ICMAI for its steadfast efforts in supporting the post-service career transition of defence personnel. They emphasised that the structured training under the CAT Course will significantly improve the employability of participants and empower them to effectively apply their discipline, integrity and analytical aptitude in the corporate and financial domains.

DIRECTORATE OF STUDIES

- ⦿ The Directorate of Studies (DoS) has expanded the MCQ Bank with new Multiple-Choice Questions (MCQs) of all the Papers of Foundation, Intermediate and Final Levels and uploaded the updated versions on the Institute's website.
- ⦿ Model Answers to the MQPs of Set 1 and Set 2 for the Foundation, Intermediate and Final levels are available on the Institute's website for the December 2025 term of Examinations.
- ⦿ Recorded Online Coaching Classes for the Postal and Oral students of the Foundation, Intermediate and Final Levels, are hosted on the website of the Institute for the December 2025 term of examinations.
- ⦿ Online MCQ Portal is available on the

Institute's website for the Foundation, Intermediate and Final levels. Mock Tests are also scheduled for the students of all these three levels.

- ⦿ Accreditation has been granted so far to 9 (nine) educational institutions from Southern and Northern regions, under the National Accreditation Policy (NAP) of the Institute.
- ⦿ Classes for MS-Office, E-filing and Tally for the December 2025 term Intermediate students got completed on 18th November 2025.
- ⦿ Classes of SAP Skills Training Classes for the December 2025 term Final students got completed on 26th November 2025.

MEMBERSHIP DEPARTMENT

The Institute warmly welcomes and congratulates all the 193 new members who have been granted Associate membership and 24 Associate members who have advanced to Fellowship during the month of November 2025.

All final passed students who have a minimum of 3 years of relevant working experience and have not yet taken Associate membership are requested to immediately apply for membership and enjoy all the benefits of CMA membership. Applications for membership can be made through online mode, using the link: <https://eicmai.in/external/ChooseApplicationType.aspx>.

SUSTAINABILITY STANDARDS BOARD

- ⦿ Webinars - Vasudhaiva Kutumbakam Series

The Board organized the 44th Webinar of the Vasudhaiva Kutumbakam series held on 14th November 2025 on the topic "Symbiotic Existence". CMA (Dr.) Subrahmaniya Sivam R., Strategic Consultant was the speaker.

The 45th Webinar of the Vasudhaiva Kutumbakam series was held on 28th November 2025 on the topic "Solar Energy as a cornerstone of a Sustainable Future". Dr. Paritosh Nandi, Director, EnVERT Group was the speaker.

- ⦿ Monthly Newsletter - Sukhinobhavantu

The Board released Volume XXVIII which is the November 2025 edition of the monthly newsletter Sukhinobhavantu. The Download link is as follows:

https://icmai.in/upload/Institute/Updates/SSB_Nov_2025.pdf

☉ Certificate Course on ESG

The 5th batch admission for the Certificate Course on ESG started on 15th November 2025. The link for admission in the 6th batch is as follows: <https://eicmai.in/OCMAC/SSB/SSB.aspx>

TAX RESEARCH DEPARTMENT (TRD)

The Tax Research Department (TRD) continues its significant progress in academic, research and outreach initiatives, reinforcing its commitment to professional excellence and knowledge dissemination in taxation.

I. Academic & Training Initiatives

a. New Course Launch:

- ☉ TRD is actively conducting classes for various advanced taxation courses and has launched a new specialized course, namely, Advanced Certificate Course in GST Litigation Management (ACCGLM).
- ☉ The Course focuses on litigation process

handling, leveraging allied laws, drafting replies, and adjudication.

- ☉ Admissions are currently live.

b. Upcoming Training:

- ☉ 4-Day Practical & Litigation-Focused Training Programme on GST Annual Returns (GSTR-9 & GSTR-9C).
- ☉ Dates: 1st to 4th December 2025.
- ☉ Coverage: Compliance, reconciliation, audit, litigation interface, judicial pronouncements and practical case studies.

c. College Course Exam: Conducted at Bhonsala Military College, Nasik for Income Tax on 26th November 2025 and GST on 27th November 2025.

d. Webinars conducted during November 2025.

The Department hosted multiple webinars led by subject-matter experts, covering key issues in Direct and Indirect Taxes:

Date	Tax Area	Topic	Speaker
07.11.2025	IDT	Impact of GST 2.0 & Challenges: Automobile Sector, Hospitality, Construction, Household & Consumer Durables	CMA Vishwanath Bhat
10.11.2025	DT	Appeals before 1 st Appellate Authority of Income Tax – Key Aspects and Procedures	CMA Niranjan Swain
14.11.2025	DT	Capital Gains under Income Tax Act, 2025	Shri Nilay Baran Som
19.11.2025	IDT	Preparedness for Filing of Appeals and Appearing before GSTAT	CMA Niranjan Swain
28.11.2025	IDT	Inspection, Search, Seizure and Arrest Provisions under GST Law	CMA Shiba Prasad Padhi

II. Institutional Engagement

TRD participated in an interactive session at Aayakar Bhawan, Kolkata during the visit of Shri P. K. Mishra, Hon'ble Member (Admin & Taxpayer Services), CBDT. The meeting facilitated discussions on tax administration and taxpayer services with trade, industry and practitioners.

evidence-based policymaking through continuous initiatives and sustained stakeholder engagement.

ICMAI REGISTERED VALUERS ORGANIZATION (RVO)

ICMAI RVO has successfully organised a “50-Hour Training Program” for securities or financial assets and one program for the Land and Building asset class, also organised five (5) online Professional Development Programs and two (2) Physical Professional Development Programs at Hyderabad and Bangalore in November 2025. In its efforts to bring out relevant publications for the development of the valuation profession, ICAI RVO also released its monthly journal, The Valuation Professional.

III. Publications & Resources

- ☉ Released the Tax Bulletin, expanding the Institute's professional literature repository.
- ☉ Conducted a Quiz on Friday afternoons.

The TRD remains dedicated to advancing tax literacy, professional development, and



CMA TCA Srinivasa Prasad, President along with CMA Neeraj D. Joshi, Vice President, CMA M K Anand, Council Member and CMA (Dr.) D.P Nandy, Secretary (Officiating) attended the meeting chaired by Smt. Deepti Gaur Mukerjee, Secretary, MCA on 13.11.2025 at New Delhi



CMA Neeraj D. Joshi, Vice President along with CMA Manoj Kumar Anand, Council Member and CMA Sanjay Gupta, Former President, called on Shri Sanjay Shorey, Director General of Corporate Affairs, MCA on 14.11.2025 at New Delhi



A delegation from ICAI comprising CMA Navneet Kumar Jain (Chairman, Cooperative Development Board, ICAI), CMA Chittaranjan Chattopadhyay, CMA Abhijit Dutta (Secretary, EIRC of ICAI) and CMA Sorabh Sethi met with Shri Samit Neogi, General Manager (Credit), and Shri Anjan Chattopadhyay, General Manager (Operations & Banking), West Bengal State Co-operative Bank Ltd. The discussions focused on various professional areas where CMAs can meaningfully contribute to the cooperative banking sector



A delegation led by CMA TCA Srinivasa Prasad, President, comprising CMA B.B. Nayak, Immediate Former President, CMA Rajendra Singh Bhati, Chairman, Direct Taxation Committee and CMA Mrityunjay Acharjee, Member (co-opted), Direct Taxation Committee, presented the Institute's suggestions during the Pre-Budget Meeting for the Union Budget 2026-27, convened by the Department of Revenue, Ministry of Finance, on 17.11.2025 at New Delhi



CMA Neeraj D. Joshi, Vice President along with CMA Manoj Kumar Anand, Council Member and CMA (Dr.) D.P. Nandy, Secretary (Officiating) had a meeting with Ms. Helen Brand OBE, Chief Executive, ACCA-UK, Md. Sajid Khan, Director - India, ACCA and Mr. Sundeep Jakhar, Head of Public Affairs (India), ACCA on 25.11.2025 at New Delhi



CMA Manoj Kumar Anand, Chairman, Professional Development & CPE, ICAI felicitating CMA Gaurav Gulati, Director (Finance), NSIC Limited on 24.11.2025 at New Delhi



CMA Manoj Kumar Anand, Council Member along with CMA (Dr.) D.P. Nandy, Secretary (Officiating), felicitating CMA Ramesh Chandra Mishra, on his taking over as Regional Director (NR)-II, Chandigarh, MCA on 27.11.2025 at New Delhi



CMA Manoj Kumar Anand, Council Member, participated in the Seminar on the theme 'AI – A Friend and Foe to Finance Engineers,' organised by Noida Chapter on 30.11.2025 at CMA Bhawan, Noida



The CFO Meet was organized by the Members in Industry & PSUs Committee of the Institute of Cost Accountants of India in association with the Southern India Regional Council on Friday, 28th November 2025 at Chennai. The event witnessed the gracious presence of CMA Suresh Rachappa Gunjalli, Chairman – Members in Industry & PSUs Committee; and CMA Vijay Kiran Agastya, Chairman – SIRC; and Council Member Dr. V. Murali, along with the active participation of eminent CFOs and distinguished industry leaders from across sectors. An enriching evening of insightful interactions, knowledge sharing, and professional networking with CFOs and industry leaders

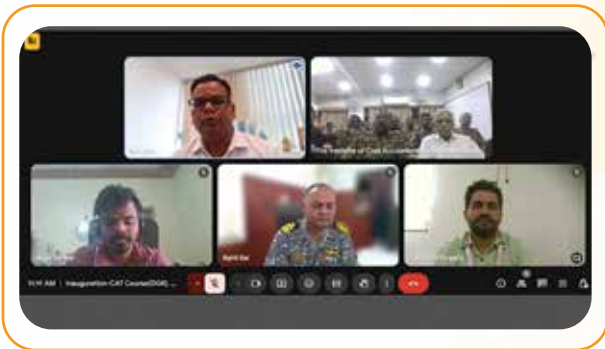


Valedictory of CAT Course under DGR on 6th November, 2025 at Hyderabad, graced by Lt Col Manmohan Mishra; CMA (Dr.) K Ch A V S N Murthy, Council Member, ICMAI; CMA Vijay Kiran A., Chairman, ICMAI-SIRC; CMA Khaja Jalal Uddin, Chairman-Hyderabad Chapter, ICMAI and other MC Members



Glimpses of the Northern India Regional Student Convention-2025 on the theme "Young CMA- Partner in Nation Building" organised by NIRC of ICMAI on 23.11.2025 at New Delhi

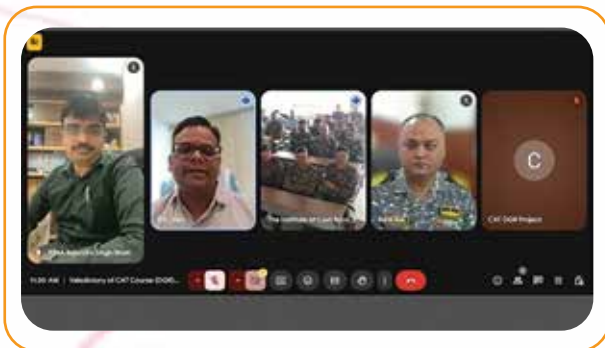




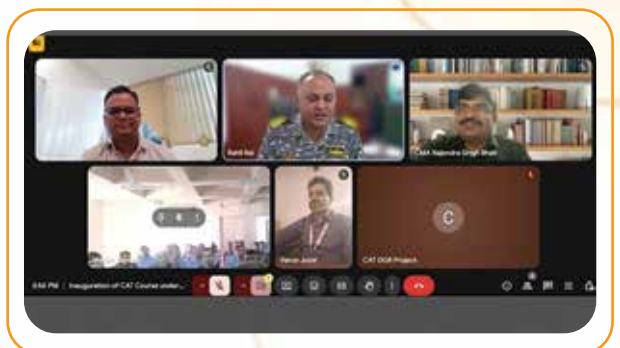
Inauguration of CAT Course under DGR on 6th November, 2025 at Madurai in hybrid Mode, graced by Cdr Rahil Rai, DRZ (South) and MC Members, ICMAI - Madurai Chapter



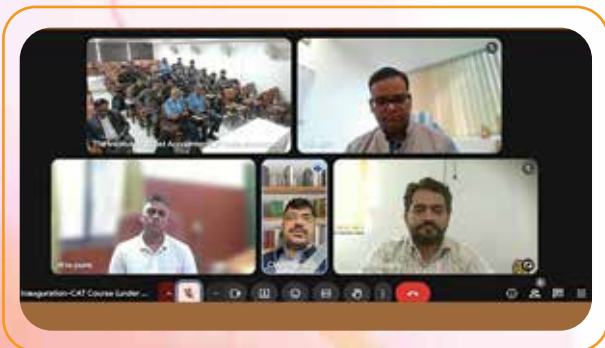
Inauguration of CAT Course under DGR on 24.11.2025 at Lucknow, graced by Lt. Col. Prashant Mishra, Jt. Dir., DRZ(Central), DGR, Ministry of Defence; CMA (Dr.) Sunil Kumar Singh, Former Chairman NIRC and MC Members of Lucknow Chapter



Valedictory of CAT Course under DGR on 7th November, 2025 at Ahmedabad in hybrid mode, graced by Cdr Rahil Rai, DRZ(South); CMA Rajendra Singh Bhati, Chairman-CAT, ICMAI; CMA Mitesh Prajapati, Chairman-Ahmedabad Chapter, ICMAI



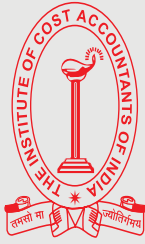
Inauguration of CAT Course under DGR on 7th November, 2025 at Nagpur in hybrid mode, graced by Cdr Rahil Rai, DRZ (South) CMA Rajendra Singh Bhati, Chairman-CAT, ICMAI and MC Members, ICMAI-Nagpur Chapter



Inauguration of CAT Course under DGR on 26.11.2025 at Ahmedabad in hybrid mode, graced by Lt Col Neeraj Kumar, DRZ (South); CMA Rajendra Singh Bhati, Chairman-CAT and CMA Mitesh Prajapati, Chairman, Ahmedabad Chapter



Valedictory of CAT Course under DGR on 27.11.2025 at Kota, graced by Maj Siddharth Bhatia; CMA S.N. Mittal, RCM-NIRC; CMA Surendra Gupta, Chairman, Kota Chapter with other MC Members of Kota Chapter



ICMAI

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

www.icmai.in

63rd
NCMAC
2026

63rd NATIONAL COST AND MANAGEMENT ACCOUNTANTS' CONVENTION (NCMAC) 2026

RISE India

Reposition. **I**ntensify. **S**trengthen. **E**nhance.



JANUARY 9 - 11, 2026
(FRIDAY TO SUNDAY)

MERLIS HOTEL, COIMBATORE
TAMIL NADU



Knowledge Partner



ncmac2026@icmai.in

Behind Every Successful Business Decision, there is always a **CMA**





CMA T.C.A. Srinivasa Prasad
President, ICMAI &
Chief Patron - 63rd NCMAC
2026



CMA Neeraj D. Joshi
Vice President, ICMAI &
Chairman - 63rd NCMAC
2026



CMA Manoj Kumar Anand
Council Member, ICMAI &
Convener - 63rd NCMAC
2026



CMA Vijay Kiran Agastya
Chairman, SIRC &
Co-Chairman - 63rd NCMAC
2026



CMA (Dr.) R. Maheswaran
Chairman, Coimbatore Chapter &
Co-Convener - 63rd NCMAC
2026

WELCOME MESSAGE

It is a matter of great pride for the Institute of Cost Accountants of India (ICMAI) to extend a warm welcome to all esteemed delegates, professional colleagues, corporate leaders, academicians, policymakers, students and distinguished guests to the **63rd National Cost & Management Accountants' Convention (NCMAC) 2026**, being organized from 9th to 11th January 2026 at Merlis Hotel, Coimbatore, Tamil Nadu, on the theme **"RISE India - Reposition India and CMAs, Intensify Growth, Strengthen Competence & Enhance Capabilities."**

The National Convention stands as the most prestigious annual professional event of the Institute, bringing together visionary leaders and experts to deliberate on the evolving role of CMAs in shaping the economic and developmental journey of the nation. As India marches towards the historic milestone of **Viksit Bharat 2047**, the Convention theme underscores the urgent need for the profession to innovate, collaborate and lead with strategic foresight.

At a time when India is accelerating its journey toward becoming a **Viksit Bharat 2047**, it is imperative for our profession to **RISE** by

- **R**epositioning India and CMAs
- **I**ntensifying Growth of the Professions
- **S**trengthening Competencies
- **E**nhancing our capabilities for Manufacturing & Service Leadership

The above four thematic tracks, are thoughtfully designed to unlock new opportunities for CMAs in emerging domains including **AI, Industry 5.0, Sustainability & ESG, Digital Finance, Public Governance and Global Consulting Ecosystems**. The Convention aims to pave the way for strengthened industry engagement, enriched academic research and enhanced global positioning of the CMA profession.

Coimbatore, the industrial powerhouse of Tamil Nadu known for entrepreneurial excellence, textile and engineering leadership and a thriving innovation ecosystem, offers the perfect backdrop for this landmark gathering.

This Convention is a confluence of ideas, innovation and inspiration. With distinguished speakers from government, institutions, industry, academia, and professional bodies, NCMAC 2026 aims to define the direction for

- Cost Competitiveness
- Productivity Improvement
- Sustainability
- ESG adoption
- Digital Innovation

The Convention will feature thought-provoking technical sessions, panel discussions, networking opportunities and knowledge-sharing that will empower participants with future-ready insights and collaborative possibilities.

Collective deliberations and shared commitment will undoubtedly inspire new pathways of growth and excellence for the profession and contribute significantly to the nation's vision of a prosperous, developed and financially empowered India.

Warm greetings and best wishes are extended to all participants for an enriching and memorable experience at NCMAC 2026.

Let us come together to use this platform to, learn, collaborate, innovate and rise as catalysts of India's economic leadership. We look forward to your valued presence and active participation.

With Best Regards,

Jai Hind!



**63rd NATIONAL COST AND MANAGEMENT ACCOUNTANTS' CONVENTION (NCMAC) 2026****"RISE India - Reposition India and CMAs, Intensify Growth, Strengthen Competence & Enhance Capabilities"**

As India accelerates toward the vision of Viksit Bharat 2047, the role of Cost and Management Accountants (CMAs) is becoming increasingly pivotal. The economic landscape is being reshaped by digital transformation, industrial expansion, sustainability imperatives and an evolving governance ecosystem. Businesses are demanding sharper insights, stronger financial discipline and integrated decision-making frameworks, areas where CMAs bring unmatched expertise.

The 63rd NCMAC 2026 is designed to empower the profession for the next frontier. The central theme "RISE India" reflects a national aspiration and a professional mission:

- **R**epositioning India and CMAs
- **I**ntensifying Growth of the Professions
- **S**trengthening Competence & Capability
- **E**nhancing Capabilities for Manufacturing & Service Leadership

Aligned to this vision, the Convention is structured into four sub-themes that encapsulate the RISE framework.

Track 1: Repositioning India and CMAs

India's march toward 2047 demands a new identity for CMAs, one rooted in thought leadership, policy contribution and global recognition. Repositioning the CMA brand involves articulating the profession's strategic value in shaping economic policy, transforming industries and fostering transparent, efficient and sustainable business ecosystems. Key areas of deliberation include:

- CMA leadership for Viksit Bharat 2047
- Strengthening the CMA identity in policy, industry & international platforms
- Expanding CMA contribution in economic reforms & nation-building
- Greater roles in AI, ESG, sustainability, green finance & emerging sectors

Track 2: Intensifying Growth of the Professions

The next two decades offer unprecedented opportunities for CMAs to occupy leadership roles across consulting, advisory and strategic management. Industrial expansion, digital transformation, supply chain modernization and capital-intensive national programs require expert cost strategists and performance leaders. Focus areas under this track include:

- Rising potential of consultancy, MDP models & global professional firms
- CMAs as strategic partners in MSME, startups & Digital India initiatives
- Enhancing competitiveness through innovation & cost optimisation
- Opportunities in Gati Shakti, PLI schemes & Make in India sectors

Track 3: Strengthening Competence & Capability

As global business ecosystems move toward digital and sustainable models, professional competence must evolve. CMAs are uniquely positioned to integrate financial intelligence with technology, analytics and sustainability frameworks. Key areas include:

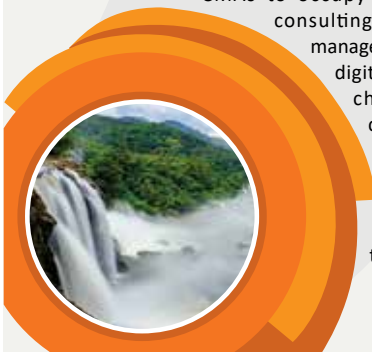
- Digital Transformation through mastering AI, Blockchain, Data Analytics & automation
- CMA leadership in Integrated Reporting, sustainability & climate finance
- Updates on ICAI reforms, CAASB standards & cost audit expansion
- Global benchmarking with leading management accounting bodies

Track 4: Enhancing Capabilities for Manufacturing & Service Leadership

India's ambition to become a global manufacturing and services hub demands advanced costing, operational excellence, and strategic performance tools—areas where CMAs can lead with authority. This track covers critical sectoral capabilities, including:

- Cost leadership in logistics, healthcare, energy, aviation, ports, telecom
- New-age costing for Industry 4.0 & 5.0 and smart manufacturing
- Lean operations, solvent recovery & energy optimisation in process industries
- Strategic costing for IT, BFSI, e-commerce, telecom & service sectors

The 63rd NCMAC 2026 aims to redefine the professional roadmap for CMAs as India progresses toward its centenary of independence. The RISE framework provides a comprehensive blueprint for the profession to elevate its influence, innovate its practices, strengthen its core and expand into new frontiers. By embracing this vision, the CMA professionals stand poised to play a transformative role in shaping RISE India, where financial integrity, operational excellence, strategic foresight and sustainable development form the pillars of national progress.



63rd NCMAC ORGANISING COMMITTEES

CONVENTION COMMITTEE

Chief Patron

CMA T.C.A. Srinivasa Prasad, President

Chairman

CMA Neeraj D. Joshi, Vice President

Convener

CMA Manoj Kumar Anand, Council Member

Co-Chairman

CMA Vijay Kiran Agastya, Chairman, SIRC

Co-Convener

CMA (Dr.) R. Maheswaran, Chairman, Coimbatore Chapter

Advisors

CMA N.P. Sukumaran, Former President
CMA G.N. Venkataraman, Former President
CMA M. Gopalakrishnan, Former President
CMA (Dr.) A.S. Durga Prasad, Former President
CMA P. Raju Iyer, Former President
CMA Harijiban Banerjee, Former President
CMA Chandra Wadhwa, Former President
CMA (Dr.) Dhananjay V. Joshi, Former President

Members

CMA Mihir Narayan Vyas, Chairman, WIRC
CMA Arati Ganguly, Chairperson, EIRC
CMA Rakesh Yadav, Chairman, NIRC

Chapter Representatives

CMA B.K. Raghavendra, Chairman, Bengaluru Chapter
CMA R. Renjini, Chairperson, Cochin Chapter
CMA Khaja Jalal Uddin, Chairman, Hyderabad Chapter
CMA P.S.R. Swamy, Chairman, Vijayawada Chapter

TECHNICAL COMMITTEE

Chairman

CMA Ashwin G. Dalwadi, Council Member & Former President

Members

CMA Bibhuti Bhusan Nayak, Council Member & Immediate Former President
CMA D. C. Bajaj, Former President
CMA Amal Kr Das, Former President
CMA Amit Anand Apte, Former President
CMA B. B. Goyal, Chief Advisor, ICMAI MARF
CMA (Dr.) S. K. Gupta, MD, ICMAI RVO
CMA P. Thiruvengadam, Former Sr. Director (Retd), Mgmt. Consulting, Deloitte India
CMA Asim Kr. Mukhopadhyay, CEO & MD, Navtom Consulting Pvt Ltd and Mentor, CII TCM Division
CMA Surender Kumar, MC Member, Coimbatore Chapter

PUBLICITY & BRANDING COMMITTEE

Chairman

CMA Rajendra Singh Bhati, Council Member

Members

CMA Harshad Deshpande, Council Member
CMA Vishwanath Bhat, RCM and Immediate Former Chairman, SIRC
CMA U. Surya Prakash, Vice Chairman, Coimbatore Chapter
CMA R. Gopal, Chairman, Erode Chapter
CMA R.V. Thiagarajan, Chairman, Salem Chapter

RESOURCE MOBILISATION COMMITTEE

Chairman

CMA Bibhuti Bhusan Nayak, Council Member & Immediate Former President

Members

CMA Manoj Kumar Anand, Council Member
CMA Chaitanya Laxmanrao Mohrir, Secretary, WIRC
CMA Rajesh Sai Iyer, Secretary, SIRC
CMA Abhijit Dutta, Secretary, EIRC
CMA Honey Singh, Secretary, NIRC
CMA Subramaniam Kumar, Secretary, Coimbatore Chapter
CMA K. Sridhar, Chairman, Godavari Chapter
CMA M. R. Rajhshekar, Chairman, Hosur Chapter
CMA P.K. Siju, Chairman, Kottayam Chapter

FINANCE COMMITTEE

Chairman

CMA Manoj Kumar Anand, Council Member

Members

CMA Ashwin G. Dalwadi, Council Member & Former President
CMA Arindam Goswami, Treasurer, WIRC
CMA K.V.N. Lavanya, Treasurer, SIRC
CMA Bidyadhar Prasad, Treasurer, EIRC
CMA Madhuri Kashyap, Treasurer, NIRC
CMA A. Hariharasubramanian, Treasurer, Coimbatore Chapter
CMA Borkar Harishchandra, Chairman, Mangalore Chapter
CMA Aala Partha Saradhi, Chairman, Tirupati Chapter

SOUVENIR COMMITTEE

Chairman

CMA Harshad Deshpande, Council Member

Members

CMA P. Vinayaranjan, Council Member
CMA Girish Kambadaraya, RCM, SIRC
CMA K. Devarajan, MC Member, Coimbatore Chapter
CMA A. Arumugam, Chairman, Madurai Chapter
CMA K.V. Kishan Rao, Chairman, Warangal Chapter



63rd NCMAC ORGANISING COMMITTEES

RECREATION COMMITTEE

Chairman

CMA (Dr.) V Murali, Council Member

Members

CMA Navneet Kumar Jain, Council Member
CMA Divya Abhishek, RCM and Former Chairperson, SIRC
CMA R. Jagadeesan, MC Member, Coimbatore Chapter
CMA M. Ashok Kumar, Chairman, Mysore Chapter
CMA S. Muthu Krishnan, Chairman, Nellai-Pearl Chapter

RECEPTION COMMITTEE

Chairman

CMA (Dr.) K.Ch.A.V.S.N. Murthy, Council Member

Members

CMA (Dr.) V. Murali, Council Member
CMA K. Pandu Ranga Rao, RCM, SIRC
CMA K.B. Manikandan, Chairman, Ranipet-Vellore Chapter
CMA P.V. Antony, Chairman, Thrissur Chapter

DELEGATE COMMITTEE

Chairman

CMA P. Vinayaranjan, Council Member

Members

CMA (Dr.) K.Ch.A.V.S.N. Murthy, Council Member
CMA Nanty Nalinkumar Shah, Vice Chairman, WIRC
CMA D. Munisekhar, Vice Chairman, SIRC
CMA Damodara Mishra, Vice Chairman, EIRC
CMA Manish Kandpal, Vice Chairman, NIRC
CMA P. Prakash, MC Member, Coimbatore Chapter

CHAPTER & REGION DELEGATE COMMITTEE

Chairman

CMA Avijit Goswami, Council Member

Members

CMA (Dr.) Ashish P. Thatte, Council Member
CMA K. Gomathisankar, RCM, SIRC
CMA N. Shanmuga Sundaram, Chairman, Tiruchirappalli Chapter
CMA Pranav Jayan, Chairman, Trivandrum Chapter
CMA V.S.R. Kotaiah, Chairman, Ukkunagaram Chapter

INTERNATIONAL DELEGATE COMMITTEE

Chairman

CMA (Dr.) Ashish P. Thatte, Council Member

Members

CMA Chittaranjan Chattopadhyay, Council Member
CMA Anirban Kr Mukhopadhyay, Chairman, London Overseas Centre
CMA K. Vidhya Shankar, MC Member, Coimbatore Chapter
CMA N. Rajesh Babu Nunna, Chairman, Nellore Chapter
CMA P. Ramasami, Chairman, Neyveli Chapter

PRESS & MEDIA COMMITTEE

Chairman

CMA Navneet Kumar Jain, Council Member

Members

CMA Rajendra Singh Bhati, Council Member
CMA Praveen Kumar, RCM, SIRC
CMA U. Lakshmana Rao, Chairman, Visakhapatnam Chapter
CMA C.M. Syamly, Chairperson, Kozhikode-Malappuram Chapter

PROGRAM COORDINATION COMMITTEE

Chairman

CMA Suresh R. Gunjalli, Council Member

Members

CMA Avijit Goswami, Council Member
CMA Y. Srinivasa Rao, RCM, SIRC
CMA Abukutty Sellappan, Chairman, Palakkad Chapter
CMA A. Padmapriya, Chairman, Pondicherry Chapter

VIP COORDINATION COMMITTEE

Chairman

CMA Chittaranjan Chattopadhyay, Council Member

Members

CMA Suresh R. Gunjalli, Council Member
CMA Phanitheja Pendyala, Chairman, Sathavahana Chapter
CMA D. Kalaichelvan, Chairman, Dindigul Chapter

REGISTRATION, SPONSORSHIP AND ADVERTISEMENT

DELEGATE FEE

Particulars

Corporate Delegates and Others (Early Birds)

Corporate Delegates and Others

CMA's in Practice/Self Sponsored CMA's (Early Birds)

CMA's in Practice/Self Sponsored CMA's

Accompanying Spouse

Students

Foreign Delegates

Delegate Fee/ Person

₹6,000/- + 18% GST (Till 25th December 2025)

₹8,000/- + 18% GST (After 25th December 2025)

₹3,000/- + 18% GST (Till 25th December 2025)

₹4,000/- + 18% GST (After 25th December 2025)

₹2,000/- + 18% GST

₹1,500/- + 18% GST

\$150/-

SPONSORSHIP & ADVERTISEMENT TARIFF (Applicable Taxes Extra)

PLATINUM SPONSOR (₹15 Lakh)

- ⊙ Prominent Display on the convention backdrop as Platinum Sponsor
- ⊙ Acknowledgment on National Convention website as Platinum Sponsor
- ⊙ Display as the Platinum Sponsor on the banners and signage
- ⊙ Two standees of the sponsoring company at the venue
- ⊙ Full Page Colour Advertisement in the Convention Souvenir and ICAI's Journal
- ⊙ Delegate Fee exemption for 5 delegates
- ⊙ One Speaker Slot for top management of the Platinum sponsor in Technical Session

GOLD SPONSOR (₹10 Lakh)

- ⊙ Prominent Display on the convention backdrop as Gold Sponsor
- ⊙ Acknowledgment on National Convention website as Gold Sponsor
- ⊙ Display as the Gold Sponsor on the banners and signage
- ⊙ Full Page Colour Advertisement in the Convention Souvenir and ICAI's Journal
- ⊙ Delegate Fee exemption for 3 delegates

SILVER SPONSOR (₹7 Lakh)

- ⊙ Prominent Display on the convention backdrop as Silver Sponsor
- ⊙ Acknowledgment on National Convention website as Silver Sponsor
- ⊙ Display as the Silver Sponsor on the banners and signage
- ⊙ Full Page Colour Advertisement in the Convention Souvenir and ICAI's Journal
- ⊙ Delegate Fee exemption for 2 delegates

SPONSOR FOR LUNCH / DINNER (₹5 Lakh)

- ⊙ Prominent Display on the convention backdrop as Sponsor
- ⊙ Acknowledgment on National Convention website as Sponsor
- ⊙ Display at convention lunch/dinner
- ⊙ Full Page Colour Advertisement in the Convention Souvenir and ICAI's Journal
- ⊙ Delegate Fee exemption for 1 delegate

SPONSOR FOR CONVENTION KIT (₹5 Lakh)

- ⊙ Prominent Display on the Convention backdrop as Sponsor
- ⊙ Acknowledgment on Convention website as Sponsor
- ⊙ Sponsor Logo printed on Convention Kit
- ⊙ Full Page Colour Advertisement in the Convention Souvenir and ICAI's Journal
- ⊙ Delegate Fee exemption for 1 delegate

OTHER SPONSORSHIPS AVENUES

Mementoes for Delegates	₹5,00,000/-
Tea-Coffee Break (3 Nos.)	₹2,00,000/- each
Cultural Event	₹2,00,000/-
Others (Banners/Publicity Material)	₹50,000/-

ADVERTISEMENT TARIFF FOR SOUVENIR

Back Cover (Colour)	₹2,00,000/-
Front / Back Cover Inside (Colour)	₹1,50,000/-
Full Page (Colour)	₹1,00,000/-
Half Page (Colour)	₹50,000/-
Quarter Page (Colour)	₹25,000/-

MODE OF PAYMENT (Only for Sponsorship & Advertisement)

The **Cheque / Demand Draft** to be drawn in favour of "The Institute of Cost Accountants of India" payable at **NEW DELHI**. Alternatively, details for **NEFT / RTGS** payment:

Name of the Bank	:	State Bank of India
Branch Address	:	82-83, Meher Chand Market, Lodhi Road, New Delhi
Bank Account Number	:	30678404793
Swift Code	:	SBININBB382
IFSC Code	:	SBIN0060321
PAN No.	:	AAATT9744L
GST No.	:	07AAATT9744L1ZU

6

The Institute of Cost Accountants of India

Delegate Registration & Payment





SUMMARISED SCHEDULE OF THE 63rd NCMAC 2026

Day 1 - Friday – 9th January 2026

Registration	02:00 pm to 03:00 pm
Inaugural Session	03:00 pm to 04:30 pm
Plenary Session: RISE India	04:45 pm to 06:15 pm
Networking, Cultural Evening and Convention Dinner	06:30 pm onwards

Day 2 - Saturday – 10th January 2026

Registration	09:30 am to 10.00 am
Technical Session I:	
Repositioning India and CMAs	10:00 am to 11:30 am
Technical Session II:	
Intensifying Growth of the Professions	11.45 am to 01.15 pm
Lunch and Networking	01:15 pm to 02:15 pm
Technical Session III:	
Strengthening Competence & Capability	02.15 pm to 03.45 pm
CMA Leaders' Meet:	04.00 pm to 05:30 pm
Networking, Cultural Evening and Convention Dinner	06:30 pm onwards

Day 3 - Sunday – 11th January 2026

Registration	09.30 am to 10.00 am
Technical Session IV:	
Enhancing Capabilities for Manufacturing & Service Leadership	10:00 am to 11:30 am
Valedictory Session:	
Recipe of Financial Reporting (Ind AS, BRSR & ESG)	11:45 am to 01:15 pm
Lunch and Networking	01:30 pm onwards

MERLIS HOTEL

61, Avinashi Rd, Goldwins
Karupampalayam Pirvu
Coimbatore, Tamil Nadu - 641014



Link: <https://share.google/3KExJvI5mrWJ4EupQ>

About the Institute

The Institute of Cost Accountants of India is a statutory body established under an Act of Parliament in 1959. As part of its obligations, the Institute regulates the profession of Cost and Management Accountancy, enrolls students for its courses, provides coaching facilities to the students, organises professional development programmes for the members and undertakes research programmes in the field of Cost and Management Accountancy. The Institute pursues the vision of cost competitiveness, cost management, efficient use of resources and structured approach to cost accounting as the key drivers of the profession. In today's world, the profession of conventional accounting and auditing has taken a back seat and cost and management accountants are increasingly contributing toward the management of scarce resources and apply strategic decisions. This has opened up further scope and tremendous opportunities for cost accountants in India and abroad. After an amendment passed by Parliament of India, the Institute is now renamed as "The Institute of Cost Accountants of India"

from "The Institute of Cost and Works Accountants of India". This step is aimed towards synergising with the global management accounting bodies, sharing the best practices which will be useful to large number of trans-national Indian companies operating from India and abroad to remain competitive. With the current emphasis on management of resources, the specialized knowledge of evaluating operating efficiency and strategic management the professionals are known as "Cost and Management Accountants (CMAs)". The Institute is the largest Cost & Management Accounting body in the world, having approximately 6,00,000+ students and 1,00,000+ qualified professionals all over the globe. The Institute headquartered at Delhi operates through four regional councils at Mumbai, Chennai, Kolkata & Delhi and 112 Chapters situated across the country as well as 11 Overseas Centres. Its functions under the jurisdiction of the Ministry of Corporate Affairs, Government of India.

Vision Statement

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

Mission Statement

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

Institute Motto

असतोमा सद्गमय
तमसोमा ज्योतिर्गमय
मृत्योर्मा मृतं गमय
ॐ शान्ति शान्ति शान्तिः

From ignorance, lead me to truth
From darkness, lead me to light
From death, lead me to immortality
Peace, Peace, Peace

Download Brochure



CPE Credit:
10 Hours

Coimbatore: In and Around



Headquarters:

CMA Bhawan
3, Institutional Area, Lodhi Road
New Delhi - 110003

Noida Office:

CMA Bhawan
C - 42, Sector - 62
Noida - 201309

Kolkata Office:

CMA Bhawan
12, Sudder Street
Kolkata - 700016

✉ ncmac2026@icmai.in

🌐 <https://x.com/icmaicma>

📺 <https://www.youtube.com/@ICMAI-CMA>

📞 <https://www.whatsapp.com/channel/0029VaeWcEEDDMfNEy3ROa0m>

🖱 <https://icmai.in/NCMAC-2026>

📘 <https://www.facebook.com/icmaiofficial/>

🌐 www.icmai.in

In the event of unforeseen circumstances or factors beyond ICMAI's control necessitating the cancellation or rescheduling of the event, we retain the right to do so without assuming any financial or legal liability. We will promptly notify registered participants of any event cancellation or rescheduling via email.

Behind Every Successful Business Decision, there is always a CMA

COST AUDIT: ENHANCING TRANSPARENCY, EFFICIENCY AND STRATEGIC DECISION-MAKING

Abstract

Cost audit has evolved from a statutory compliance activity into a strategic management tool that enhances transparency, operational efficiency, and informed decision-making across industries. In today's globalized and technology-driven environment, cost information is not merely an accounting record—it is a competitive resource. This article analyses the legal framework of cost audit in India, its growing role in corporate governance, its contribution to performance improvement, and the increasing integration of information technology and analytics in cost auditing practice. It also highlights linkages with GST compliance, transfer pricing, and tax assessments, and explores the path ahead for capacity building among Cost and Management Accountants (CMAs). By moving beyond compliance to strategic insight, cost audit can emerge as a powerful mechanism for strengthening corporate accountability and supporting evidence-based policymaking.

Legal Framework of Cost Audit in India

The foundation of cost audit in India is laid under **Section 148 of the Companies Act, 2013**, read with the **Companies (Cost Records and Audit) Rules, 2014**. These provisions empower the Central Government to mandate maintenance of cost records and appointment of cost auditors for specific classes of companies engaged in manufacturing, processing, mining, or service sectors of strategic importance.

The statutory framework ensures that cost records capture material, labour, overheads, utilities, capacity utilisation, and margin details—creating an audit trail



CMA Ajay Vashisth

Financial Regulation &
Policy Analyst

Pune

arv@ajayramlegal.com

for regulatory scrutiny and managerial analysis. The **Institute of Cost Accountants of India (ICMAI)** prescribes **Cost Accounting Standards (CAS)** to **harmonise methods across industries**.

Beyond statutory requirements, the **Companies Act 2013** connects cost audit with the broader governance ecosystem through disclosures in the Board's report and filing of the cost audit report (Form CRA-4) with the Ministry of Corporate Affairs (MCA). Thus, cost audit stands at the intersection of law, finance, and management.

Role of Cost Audit in Corporate Governance and Compliance

Corporate governance today is judged not only by transparency in financial reporting but also by accuracy in cost structures and pricing practices. Cost audit strengthens governance through:

- ⊙ **Transparency:** Independent verification of cost data builds stakeholder confidence and reduces information asymmetry between management, shareholders, and regulators.
- ⊙ **Accountability:** It ensures adherence to internal cost systems, preventing cost manipulation or cross-subsidisation that may distort financial performance.
- ⊙ **Compliance assurance:** Cost audit reports are

reviewed by the MCA, sectoral regulators, and the Competition Commission to ensure fair pricing and anti-profiteering compliance.

- ⊙ **Ethical decision-making:** Reliable cost information discourages aggressive transfer-pricing, under-reporting of production, or misuse of public subsidies.

Thus, cost audit bridges the governance gap between statutory compliance and ethical accountability.

Cost Audit and Performance Improvement

A well-conducted cost audit acts as an internal consultancy exercise that identifies **inefficiencies, wastages, and process bottlenecks**. By benchmarking actual costs against standards, auditors help management:

- ⊙ Analyse **capacity utilisation and productivity ratios**;
- ⊙ Evaluate **product-line profitability and contribution margins**;
- ⊙ Detect **cost overruns and idle time**;
- ⊙ Rationalise **pricing decisions and cost allocations**.

The outcome is **data-driven performance improvement**. In sectors such as cement, steel, fertilisers, and electricity, cost audit has historically led to tariff rationalisation and efficiency enhancement, benefitting both industry and consumers.

Technology Integration: Tools, Re-Engineering and Challenges

The digital era has transformed cost auditing. Tools such as **ERP systems, Business Intelligence (BI) dashboards, RPA (Robotic Process Automation), and data analytics** now enable real-time cost monitoring.

Key technological enablers include:

- ⊙ **AI-driven anomaly detection** to flag cost deviations;
- ⊙ **Cloud-based record systems** for seamless access;
- ⊙ **Blockchain** for immutable cost transaction trails;
- ⊙ **Data visualisation dashboards** for management insight.

However, these advances also pose challenges—**data overload, cybersecurity risks, and skill gaps** among professionals. CMAs must acquire digital literacy to interpret machine-generated data without losing professional scepticism. Regulatory authorities may

consider recognising **digital audit trails** as equivalent evidence in cost compliance verification.

Industry-Specific Guidance

Cost structures vary sharply across sectors. For example:

- ⊙ **Manufacturing:** Focus on material yield, machine hour utilisation, and wastage analysis.
- ⊙ **Service sector:** Emphasis on employee cost ratios, service efficiency, and project-based costing.
- ⊙ **Healthcare and education:** Cost audit ensures rational fee structures and social accountability.
- ⊙ **Infrastructure and energy:** Cost audit supports tariff fixation and viability-gap funding.

ICMAI's **sector-specific cost accounting standards** (e.g., CAS-4 for captive consumption) provide uniformity. Regular updates to reflect emerging industries such as renewable energy, logistics, and fintech services are essential.

Interpreting the Cost Audit Report: Key Metrics for Management

The cost audit report is not merely a statutory filing—it is a **strategic performance document**. Key managerial indicators extracted from cost records include:

- ⊙ **Cost per unit of production or service**;
- ⊙ **Material cost variance and labour efficiency variance**;
- ⊙ **Operating leverage and contribution ratio**;
- ⊙ **Capacity utilisation %**;
- ⊙ **Segment-wise profitability**;
- ⊙ **Value addition per employee**.

Boards can leverage these insights for budgeting, procurement strategy, and make-or-buy decisions. When aligned with financial statements, the cost audit report enables holistic performance evaluation.

Cost Audit in Strategic Planning and Pricing Decisions

In competitive markets, **strategic pricing** is crucial. Cost audit provides factual cost data that prevents under-pricing (leading to losses) or over-pricing (losing market share). Management can rely on audited cost data to:

- ⊙ Formulate **transfer-pricing policies** within multi-unit organisations;
- ⊙ Negotiate **contracts and tenders**;
- ⊙ Undertake **product discontinuation or diversification** decisions;
- ⊙ Evaluate **investment in automation or capacity expansion**.

Hence, cost audit acts as the backbone of **strategic planning and managerial decision-making**.

Beyond Compliance: Cost Audit for Strategic Insights

Modern cost audit must shift its paradigm from **post-mortem review to predictive analytics**. Integrating audit findings with corporate dashboards can convert historical data into forward-looking intelligence.

Strategic insights derived include:

- ⊙ Trend analysis of cost behaviour over multiple periods;
- ⊙ Correlation of cost metrics with market demand;
- ⊙ Sensitivity analysis of margins under different scenarios;
- ⊙ Identification of sustainable cost-saving opportunities.

A proactive approach elevates cost audit to the level of a **strategic advisory function**, aligning with boardroom decisions on growth and competitiveness.

Linkage of Cost Audit with GST Compliance and Input-Tax Credit (ITC) Validation

Cost audit complements the **Goods and Services Tax (GST)** regime by ensuring accurate capture of **input credits, valuation, and classification of goods and services**. Reconciliation between cost records and GST returns helps detect:

- ⊙ Wrong credit availed on non-business inputs;
- ⊙ Undervaluation of supply due to cost understatement;
- ⊙ Mismatch between cost of goods manufactured and declared turnover.

Such validation enhances **tax compliance** and reduces disputes during GST audits or anti-evasion checks. Proper cost documentation also supports **input-tax optimisation** by linking each expense to value creation.

Cost Audit and Transfer Pricing: Supporting Arm's-Length Transactions

Multinational entities face increasing scrutiny under **transfer-pricing regulations**. Cost audit reports serve as reliable documentation for demonstrating **arm's-length pricing** between associated enterprises.

Accurate allocation of common costs, overhead absorption rates, and segmental profitability ensures that inter-company transactions reflect fair market values. Tax authorities often rely on cost records to evaluate **Base Erosion and Profit Shifting (BEPS)** risk.

Thus, cost audit not only supports **domestic compliance** but also reinforces India's commitment to global fair-trade principles.

Use of Cost Audit Reports in Tax Assessments and Dispute Resolution

Tax administrators increasingly reference cost audit findings in **income-tax, excise, customs, and GST proceedings**. The report's independent validation of production, consumption, and capacity data helps determine:

- ⊙ Reasonableness of input consumption;
- ⊙ Accuracy of declared production;
- ⊙ Justification for deductions or subsidies;
- ⊙ Support in valuation disputes and anti-profitsteering cases.

Companies equipped with robust cost records can defend their positions more effectively, reducing litigation costs. Cost audit thus emerges as a **compliance shield and evidentiary document** in regulatory forums.

Capacity Building and Policy Recommendations

For cost audit to realise its full potential, capacity building is essential at three levels—**professionals, industry, and policy**.

a. For CMAs:

- ⊙ Continuous training in digital tools, data analytics, and sectoral regulations.
- ⊙ Collaboration with statutory auditors for integrated reporting.
- ⊙ Development of sectoral audit manuals reflecting sustainability metrics.

b. For Industry:

- ⊙ Encourage voluntary cost audits even beyond statutory thresholds.

- ⊙ Integrate cost audit findings into Enterprise Risk Management (ERM) frameworks.
- ⊙ Use cost data to support ESG and carbon-footprint disclosures.

c. For Policy and Academia:

- ⊙ Inclusion of cost audit analytics in management curricula.
- ⊙ Government incentives for technology adoption in cost accounting systems.
- ⊙ Periodic review of cost audit applicability criteria to align with economic priorities.

Such initiatives will position cost audit as a **national efficiency instrument**, not merely a compliance mechanism.

The Road Ahead

India's ambition to become a **\$7-trillion economy by 2030** requires productivity-led growth. Cost audit offers the roadmap—identifying inefficiencies, ensuring fair pricing, and fostering accountability in resource use.

Emerging domains such as **green manufacturing, circular economy, and digital services** will demand new cost models integrating sustainability and intangible valuation. CMAs must lead this transformation by expanding their role from record-keepers to **strategic partners in policy and governance**.

Conclusion

Cost audit today stands at the confluence of **law, economics, and technology**. When effectively implemented, it delivers triple benefits—**transparency for regulators, efficiency for industry, and insight for management**.

As India integrates with global value chains, cost audit will evolve into a multidimensional assurance mechanism linking statutory compliance, financial discipline, and strategic foresight. The future lies in leveraging technology and analytics to make cost audit **predictive, participative, and policy-relevant**.

Moving **beyond compliance**, cost audit can become a true driver of sustainable competitiveness—anchoring India's journey toward inclusive and transparent growth. **MA**

References

1. *Companies Act, 2013 – Section 148 and Rules 2014.*
2. *ICMAI – Cost Accounting Standards (CAS) 1 to 24.*
3. *MCA Notifications and Guidelines on Cost Records and Audit.*
4. *OECD Transfer Pricing Guidelines, 2022.*
5. *GST Act and Rules on Input Tax Credit Reconciliation.*
6. *ICMAI Guidance Note on Performance Appraisal and Cost Audit Report.*

Congratulations!!!



We are delighted to announce that CMA Abhay Kumar, Senior Manager – Finance, Rashtriya Chemicals and Fertilizers Limited (A Central Navratna PSU Under Ministry of Chemical Fertilizers) has been honored with the 14th CFO India's "CFONEXT100 Award" on 18th September 2025 in Holiday Inn, Delhi Aerocity, New Delhi.

This prestigious recognition celebrates his outstanding contributions in driving financial innovation and effectively aligning finance with business strategy. His visionary leadership and innovative approach have created a meaningful impact, earning him this well-deserved accolade.

Heartiest congratulations to CMA Abhay Kumar on this remarkable achievement!

COST AUDIT IN ERP ERA – CONFIGURING ERP TO ENABLE ACCURATE REPORTING OF COSTS

Abstract

In the era of Enterprise resource planning (ERP) systems, cost audit effectiveness depends heavily on the quality of system configuration and data discipline. Information Technology plays a decisive role by automating cost capture, strengthening controls, and enabling traceable, analytical reporting. A well-implemented ERP does not merely store transactions; it converts them into auditable cost intelligence.

In this paper we would like to discuss the key to successful identification of costs at Product/customer level for firms under Cost audit and suitably reporting them at CTA heading level in an ERP environment. Given that SAP happens to be the global leader in ERP and also holds a substantial share in the Indian market (its currently around 25% of Indian ERP Market) we would like to address this issue from perspective of SAP ERP and more specifically the Controlling Module (CO).

Introduction

Cost audit is a systematic verification of cost records and an evaluation of the effectiveness of an organisation's costing system. It examines whether the reported cost figures are reliable and whether they accurately reflect underlying resource consumption. These answers directly influence managerial decision-making, cost control, and statutory compliance.

In today's environment, where Enterprise Resource Planning (ERP) systems drive core business processes, the effectiveness of cost audit hinges on the quality of system configuration, master data discipline, and integration fidelity. A properly configured ERP does not merely record transactions—it transforms them



CMA (Dr.) R. Jayaram

Professor of Practice – IFMR GSB (Krea University)
Sri City

jayaram.ramakrishnan@krea.edu.in



CMA (Dr.) G. Balasubramanian

Senior Professor and Advisor – IFMR GSB
(Krea University)
Sri City

balasubramanian.gopalswamy@krea.edu.in



CMA Srinivasan Kalyanasundaram

Professor of Practice – IFMR GSB (Krea University)
Sri City

srinivasan.kalyanasundaram@krea.edu.in

into transparent, auditable cost intelligence.

The statutory cost audit framework comprises two primary components:

1. **Form CRA-3**, and

2. Annexure, consisting of:

- ⊙ Part A
- ⊙ Part B (Manufacturing) / Part C (Services)
- ⊙ Part D

From an ERP standpoint, the most audit-sensitive sections relate to:

- ⊙ **Part A – Cost Accounting Policy, and**
- ⊙ **Part B – Quantitative/Capacity data and Abridged Cost Statements at CTA heading level**

The central design challenge is well understood but operationally demanding:

“Capture accurate and granular product- and customer-level costs, and report them coherently at CTA heading level along with relevant capacity utilisation metrics.”

Scope

SAP remains the predominant ERP platform in large manufacturing organisations, particularly in India. Accordingly, this paper focuses on SAP ERP—especially the Controlling (CO) module. The principles, however, are equally applicable to ERPs such as Oracle and Microsoft Dynamics.

While CO is the core engine for cost reporting, it relies on the data quality and processes of interconnected modules (FI, MM, PP, SD, PM, etc.). Put simply:

“CO is the analytical brain; the feeder modules are the sensory organs supplying the inputs.”

This paper concentrates on CO configuration and integration elements essential for a credible, audit-ready costing framework.

Configuring SAP for Cost audit - The Critical areas

1. Organisation structure: getting the backbone right

SAP's organisational structure provides the framework for all master data and transactions. Since structural elements are difficult to modify after go-live, they must be designed with cost audit requirements in mind.

Three elements that are critical are:

a) Operating Concern

This is the highest node in SAP's controlling hierarchy. It is specifically used for **Profitability**

Analysis (CO-PA). For seamless generation of output at product profitability level (*requisite of Annexure Part B2 - cost audit*) CO-PA is to be activated within the operating concern. CTA needs to be embedded in the Product hierarchy at this stage.

b) Controlling Area

The controlling area captures and records costs and revenues for internal reporting. It is the logical home of cost centres, activity types, and cost elements. Multiple company codes may be assigned to a single controlling area to unify internal cost flows.

c) Company Code

A company code is the smallest organisational unit for statutory financial accounts. Multiple company codes may map to one controlling area, allowing internal cost flows to be unified even when statutory reporting is split.

2. Setting up the Masters

Product costing values materials and activities posted to production orders using material prices and activity rates. It accumulates both planned and actual costs, tracks variances, and supports inventory valuation. Importantly:

- ⊙ **Direct + conversion costs** form product cost.
- ⊙ **SG&A** costs are excluded from inventory valuation and appear in profitability analysis later.

Product costing hinges on two master-data pillars:

- ⊙ **Quantity structure** and
- ⊙ **Resource/overhead masters.**

The BOM and routing together form “quantity structure,” meaning SAP reads quantities and operations from these masters to compute product cost.

- ⊙ **BOM** requires well-maintained material masters.
- ⊙ **Routing** requires accurate work centre masters.
- ⊙ For each SFG or FG, a production version must link the BOM to routing so SAP knows *what goes into the product and where/ how it is processed*

a) Material Master

Material can be

- ⊙ Raw material/component

- ⊙ Semi finished
- ⊙ Finished
- ⊙ Spares
- ⊙ Tools & Consumables

It is a **physical and logical grouping** and is the key to **MATERIAL MOVEMENT**

Two critical definitions that affect Product costing and accounts are

⊙ Valuation class

This links Materials Management (MM) with FI. Based on valuation class, material movements post to correct GL accounts. Wrong valuation classes distort inventory valuation and cost roll-ups.

⊙ Price control and price determination

SAP supports two price control indicators:

- ⊙ 'V' Moving average price
- ⊙ 'S' Standard price

Indian manufacturing firms typically use:

- ⊙ **V** for procured raw materials and components
- ⊙ **S** for semi-finished and finished goods (default)

Price determination method also differs by material type:

- ⊙ Transaction-based for procured items
- ⊙ Single/multi-level costing for manufactured items

Unit of Measure (UOM) is another audit-critical point. *UOMs must be aligned with those used for the relevant CTA chapter headings to facilitate cost audit*

b) Masters – Overhead Accounting

Direct costs are only half the story. Conversion costs depend on overhead capture and allocation through multiple master data elements.

i. Cost Centres (CC)

A cost centre is the smallest unit where overheads are planned, booked, and reported. CCs can be defined by:

- ⊙ Departments (Stores, QC, HR, Maintenance, etc.)
- ⊙ Machines or cells

- ⊙ Person-based offices (e.g., MD's office)

Each cost centre belongs to:

- ⊙ a **standard hierarchy** (tree structure inside controlling area), and
- ⊙ Optionally, alternative hierarchies for reporting flexibility.

The design challenge is to balance granularity (for accurate costing) with practical feasibility (for consistent data capture).

ii. Work Centres (WC)

A work centre can be a single machine, a machine group, or a production line. Often, WCs act as cost centres, especially where machine-hour costing is central.

iii. Cost elements and the chart of accounts

All expenses and revenues originate in FI and flow into CO through **primary cost elements**. By design:

Each FI GL expense/revenue account has a one-to-one primary cost element.

For cost audit readiness, **cost element groupings** must be designed not merely for MIS convenience but also to match:

- ⊙ Cost Accounting Standards, and
- ⊙ Cost audit annexure formats.

Cost element groups should also be classified into **fixed and variable** categories to support capacity analysis.

iv. Activity types

Activity types are measurable outputs of cost centres, such as:

- ⊙ machine hours
- ⊙ labour hours
- ⊙ maintenance hours

These activities are planned in quantities and valued using absorption rates. Poorly defined activity types lead to arbitrary conversion costs.

v. Allocation logic

Allocation refers to moving support costs to production receivers. A maintenance CC, for example, is the sender; production CCs are receivers. Distribution or assessment cycles execute this logic. Without disciplined allocation, overheads remain stranded and products are under-costed.

Ongoing maintenance of master data across modules is an essential prerequisite for audit-quality outputs.

3. Planning cycle: building absorption rates in CO

Conversion costs rely on **predetermined absorption rates**, typically set annually. Firms often base these on nine-month actual adjusted for expected volume changes.

A standard planning cycle is:

- Set planner profile (**KP04**)
- Plan activity quantities (**KP26**) - based on expected volume and capacity constraints
- Plan activity costs (**KP06**) - including fixed/variable classification
- Calculate activity prices (**KSPI**) - generating predetermined overhead rates

These rates become the basis for charging overheads onto production orders.

4. Actual cost booking and absorption

Once planning is set, actual costs start flowing. Not all costs are first collected in CCs. Some examples:

- ⊙ Direct materials → production orders
- ⊙ Trial/prototype materials → internal orders
- ⊙ Spares → maintenance orders
- ⊙ Erection materials/man-hours → WBS elements

Still, in a manufacturing firm, cost centres remain the most common sender/receiver of overhead.

Example:

If a CNC cost centre has a planned rate of ₹400/hour and a product consumes 90 seconds, the production order gets debited by:

$(400 \times 90 / 3600) = ₹10$ per unit, and the CNC CC is credited correspondingly.

However, the CNC CC also receives real expenses through FI postings. Its debit (actual spending) will rarely equal its credit (absorbed costs). The gap is **under- or over-absorption**, typically caused by:

- ⊙ spending variance
- ⊙ volume variance
- ⊙ mix variance
- ⊙ efficiency variance

For cost audit reconciliation, this variance must be transferred back to products through **actual activity price calculation**.

5. Actual price calculation and full absorption

At month-end, SAP recalculates actual activity prices for each activity type. Using CON2 (or KSII in some setups), SAP:

- ⊙ Posts the difference between plan and actual rates,
- ⊙ Revalues production orders at actual rates, and
- ⊙ Fully absorbs CC costs.

This step ensures that **Cost of Production reconciles with financial accounts**—an explicit requirement for cost audit.

6. Profitability analysis (CO-PA): completing product cost to profit

Once COP is reconciled, SAP settles production variances to CO-PA. Now we add:

- ⊙ Administrative overheads
- ⊙ Selling and distribution costs
- ⊙ Finance costs

This delivers product/customer profitability needed for Part D.

CO-PA is an analytical tool, not a statutory ledger and supports internal and audit reporting

Integration Dependencies

ERP integration is the controlled flow of data between modules. For CO to produce credible cost audit outputs, feeder modules must be accurate and up-to-date.

Key integration points include

S.No.	Modules	Integration
1	MM – CO	Standard costs of procured materials are calculated at the beginning of the period in controlling-product costing (CO-PC). The standard cost is then used to value inventory, as well as record goods movements during the month in MM
2	MM and FI-GL + FI-AP + CO-PC	Tracking purchase price variance (actual price from vendor) with standard price in CO-PC.
3	PP & CO-PC	BOM & ROUTING are the foundation of Product costing are defined in Production planning (PP) Module. Production orders on whose confirmation Product costing happens are in PP.

4	PP & CO - ABC	Activity types (MC & Lab hrs) confirmed against Production orders. Costed thru Pre determined rates defined in CO -ABC
5	MM, FI-AA & CO	Capital equipment purchases are recorded in Asset accounting (AA) Module of FI and serves as base for identification of depreciation against WCs
6	PM & CO	Identification of costs against Plant maintenance orders raised against equipment mapped to WC (PM- Plant maintenance)
7	SD FI-GL+AR + MM & CO-PA	Sales captured in Sales & distribution (SD) impacts FI GL&AR and MM (Reduction in FG stock) same is used in CO-PA multidimensional reporting

This above integration table highlights the need for diligent updating of records in all modules before running the costing module

A costing system implemented along the above lines can seamlessly deliver the following critical output for Cost audit

- ⊙ Annexure to CAR – Part A 4
- ⊙ Practical & Actual capacity – Annexure to CAR Part B 1
- ⊙ Abridged Cost statement for each product rolled up to CTA Heading under Annexure Part B 2
- ⊙ Part D 1 - Product profitability & D2 – Profit reconciliation with Financials

7. Typical pain areas from a Cost audit perspective

Despite the highly integrated nature of configuration in SAP we need to remember the old adage of “Garbage in, garbage out”. This is particularly true of ERP systems in an Indian context where some of the issues typically faced by Cost auditors are

a) Material accounting

- i. **Infrequent updation of standards** – A robust costing system demands at the least, an annual updation of standard costs if not monthly. However majority of firms do not update on a regular basis .While adoption of

Price control ,”V” ensures issues are valued at moving average, outdated standards render variance figures useless and deprive firms of real-time material variance analysis.

- ii. **Postponement of accounting for rejections** – This causes mismatch between physical stocks and books and under-reporting of material costs. Discrepancies are often caught only at physical stocktaking, leading to large adjustments. If adjustments are passed outside MM through JVs in FI, rejection costs are lumped and not linked to specific part numbers.
- iii. Common part numbers used for items sourced locally and imported distort costs unless split valuation is activated or alternate BOMs are used. Similarly, if prototype or sample parts are accounted against regular parts, moving average costs get distorted

b) Cost centre/Work centre inputs

- i. Lack of updation of Work centres in Routing inputs (machine inputs) leads to distorted Overhead costs. This necessitates a physical audit of facilities with Routing as per books by the cost auditor to align Conversion costs
- ii. **Lackadaisical CC accounting** is one of the greatest impediments to Costing in ERP. This coupled with **lack of updation of Overhead rates** in CO - PC renders inventory valuation an exercise in futility. This renders moving to CO-PA from CO-PC highly improbable while also forcing the cost auditor to adopt blanket rates to reconcile the financials with Cost figures generated by the system. The cost auditor to avoid this scenario needs to emphasize on the need to tightly integrate FI with modules like payroll, AA & MM

c) Looking beyond unit level drivers of cost

Firms often use only unit-level drivers like machine hours, labour hours, or weight to load conversion costs onto products. Few use batch- and product-level cost drivers, even though SAP allows such activity types. This leads to overburdening high-volume products with overheads and distorting product costs.

Given the above scenario it is critical for cost auditors to focus on

- ⊙ Regular updation of standards – BOM, Routing,

material costs, Overhead rates

- ⊙ Actively participate in audit of inventory and review accounting for rejections
- ⊙ Encourage use of batch and product level cost drivers
- ⊙ Push for use of scientific measures for reapportionment of service CC costs to production CCs (distribution/assessment method by integrating inputs from modules like PM, QC, HCM etc)
- ⊙ Focus on veracity of SKFs essential for allocating Administrative, Selling & Distribution Overheads

This article demystifies cost-audit readiness in ERP, more specifically SAP, showing how smart configuration, clean master data, and strong integration turn ERP data into audit-proof cost intelligence. A quick, practical guide to avoiding common pitfalls and building a credible costing framework in ERP

variances and ensure real time availability of accurate Material consumption data

- ⊙ Phase 2 was devoted to setting up a Standard costing system for Overhead accounting. Activity rates (primarily labour time based) were defined to replace percentage of material cost basis
- ⊙ Once Overhead accounting stabilised, the client was advised to pursue actual activity price calculation and settlement of differences. This ensured COP reconciled with financials.
- ⊙ Post this VE Ltd went in for CO-PA activation

- ⊙ The cost auditors also encouraged VE team to update of Material Prices and activity rates on a quarterly basis to ensure the relevance of variances calculated.
- ⊙ Finally a customized Z Report was developed to deliver Cost audit Part B 2 report on a product wide basis duly reconciled with financials

Case study of a leading auto ancillary unit

VE Ltd was a leading supplier of assembled electronic components to Indian and Foreign OEMs

The company planned to migrate from QAD ERP to SAP ECC. The cost auditors of VE Ltd felt that this would be an opportune moment to upgrade the Costing system.

VE Ltd operated a Standard costing system for Material accounting. Materials accounted for over 75% of total cost. The reconciliation with actual issues at Moving Wacc was performed at month end. MIS was released only by the 10th of every month due to elaborate manual analysis of variances. The Overhead accounting system was rudimentary with Production OH Being identified to parts as a percentage of Material cost. This was highly unsatisfactory absorption base given the diversified portfolio of parts dealt with by VE.

The cost auditors through active involvement at the design stage along with the implementation partners of VE gave a roadmap for phased roll out of fully integrated Costing system along following lines

- ⊙ Phase 1 was devoted to ensuring that Material accounting including capturing of rejections was accurately done against work orders. The idea was to eliminate manual reconciliation of

Conclusion

Cost audit in the ERP era is less about manual compilation and more about **system truth**. If organisation structure is designed for audit logic, master data is disciplined, planning is rigorous, and month-end absorption is correctly executed, cost audit becomes a natural by-product of operations—not a year-end scramble. **MA**

References

1. John Jordon & Janet Salmon - *Product-cost-controlling with SAP- S/4 HANA* - Rheinwerk Publishing.
2. Kathrin Schmalzing - *Margin Analysis with SAP S/4 HANA* - Rheinwerk Publishing.
3. Murugesan Ramaswamy- *SAP FICO BEGINNER'S HANDBOOK, SAP for Dummies 2020*, SAP FICO Books, SAP Manual.
4. *Companies (Cost Records and Audit) Rules, 2014. (updated 2025)*

STRATEGIC COST AUDIT: A TOOL FOR TRANSFORMING COMPLIANCE INTO COMPETITIVE INTELLIGENCE

Abstract

In the highly competitive Indian Manufacturing sector, particularly the Automobile industry, the traditional compliance focused cost audit mandated by the Companies Act, 2013 (**Statutory Rules, 2014**) is insufficient for sustained success. This article posits the central hypothesis that pivoting the cost audit function from a statutory obligation to a strategic intelligence tool is essential for mitigating margin erosion and leveraging competitive advantage (**Plutus Education, 2023**). Through case study analysis, the article demonstrates that strategic costing models, such as Activity-Based Costing (ABC), are crucial for determining true product costs, correcting margin misstatements of up to 2.36% (**Automobile Study, 2016**). Also, the audit provides verified data for critical strategic decisions, including Make-or-Buy planning (**Kulkarni & Jenamani, 2008**) and Target Costing for new product development (Narsaiah, 2019). Amidst the disruptive shift to Electric Vehicles (EVs), the audit's mandate extends to Life Cycle Costing (LCC), enabling resilient pricing (**Bain & Company, 2023**). Ultimately, the integration of verified cost data into a Strategic Cost Management Framework (SCMF) is imperative for operational efficiency (**ICMAI Report, 2023**).

Section 1: The New Competitive Imperative for Indian Manufacturing

1.1. The Indian Automobile Paradox and Export Constraint

The Indian automobile industry is recognized



CMA Rajendra Kumar Joshi

Senior Vice President (Strategy & Planning)

Jio Platforms Limited

New Delhi

joshirk@rediffmail.com

globally for its scale and engineering depth (CSEP, 2025). While domestic PV sales increased by 48% between 2019–20 and 2024–25, export growth lagged significantly at only 16% (CSEP, 2025). This paradox suggests internal cost metrics may not align with global realities. Errors in calculating “true unit costs,” often resulting from Traditional Cost Accounting (TCA), can render products non-viable. When executed strategically, the cost audit must act as an ‘Export Readiness Check,’ verifying that cost structures are competitive (**Automobile Study, 2016**).

1.2. Intensified Cost Pressures and International Context

The sector faces complex shifts, with SUVs now capturing over 50% of the PV market and regulatory changes like TREM 5 raising tractor costs by ₹1–1.5 lakh (**Kotak/SIAM, 2025**). To manage this, India must look to international benchmarks. Unlike Germany’s cost control standards or Japan’s lean costing models which are often voluntary cultural practices, India possesses a unique advantage in its statutory cost audit framework. This legal mandate should be leveraged to enforce the same rigor in cost accuracy that global competitors achieve

through internal discipline.

1.3. Cost Audit: The Pivot from Compliance to Strategic Necessity

The cost audit, mandated under Section 148 of the Companies Act, 2013 (Statutory Rules, 2014), has evolved from a regulatory burden to a “business necessity” (Plutus Education, 2023). The verified foundation of cost data provided by the audit is indispensable for investors and government, ensuring the reliability of data necessary for competitive pricing (Plutus Education, 2023).

1.4. Methodology and Scope

This is a conceptual and analytical paper grounded in secondary data and case analysis. It builds a logical strategic framework from the mandatory Cost Accounting Records Rules (CRA-1) compliance to actionable Strategic Cost Management Framework (SCMF) recommendations, focusing specifically on the challenges and opportunities within the Indian Automobile sector. The paper is mainly focused on leveraging the statutory cost audit taking reference of Indian Automobile sector’s constraints and use of data to alleviate that. The Paper doesn’t aim to involve in comparative study but consider it significant and recommend as future work.

Section 2: Building the Foundation: Cost Accuracy and Operational Control

2.1. Ensuring Data Integrity: The CRA-1 Mandate

The basis of strategic cost management is auditable data, structured by the Cost Accounting Records Rules (CRA-1) mandate (SSCO India, 2025). This mandates a well-maintained system for tracking cost elements like materials, labour, overheads, and depreciation. For manufacturing entities, accurate recording at every production stage is non-negotiable; operational failure to maintain CRA-1 records not only risks penalties but fundamentally compromises the reliability of internal data, undermining all subsequent managerial efforts (SSCO India, 2025).

2.2. Leveraging Audit Data for Production Regulation and Waste Reduction

Beyond compliance, the cost audit functions as

a powerful operational monitoring tool, providing essential data to regulate production, detect errors, and reduce resource wastage (ICMAI Report, 2023). This proactive function facilitates the constant reviewing and monitoring of procedures, identifying both visible and invisible losses, inefficiencies, wastages, and time overruns (ICMAI Report, 2023). By systematically identifying these deviations, the audit enables immediate rectification and effective implementation of cost reduction systems (ICMAI Report, 2023).

2.3. Multi-Plant Profitability Comparison and Benchmarking

For large Indian OEMs operating multiple facilities, the cost audit provides the standardized, verified data necessary for horizontal benchmarking and comparing profitability across different plants (ICMAI Report, 2023). Strategic leaders can use this data to differentiate between *structural* advantages (e.g., location, depreciation) and *controllable operational* inefficiencies (e.g., resource wastage, time overruns) (ICMAI Report, 2023; SCMF Analysis, 2024). This process allows for targeted intervention strategies based on verifiable intra-firm comparisons.

Section 3: Strategic Costing for Optimization and Product Decisions

3.1. Correcting the Flaw: Migration to Activity-Based Costing (ABC)

Strategic decision-making requires moving beyond Traditional Cost Accounting (TCA), which often assigns indirect costs arbitrarily, leading to inaccurate product costing (Automobile Study, 2016). Activity-Based Costing (ABC) is designed to assign costs accurately to the activities that consume resources, generating the true cost of a product (Automobile Study, 2016).

A case-based comparative study in an Indian automobile parts manufacturer highlighted the inaccuracy of TCA. For instance, TCA overstated the profit margin for Part ‘B’ by 2.36% while simultaneously understating the true margin for Part ‘A’ by 2.08% (Automobile Study, 2016).

Table 1: Comparative Study TCA Vs ABC

Product	Traditional Cost Accounting (TCA) Margin	Activity-Based Costing (ABC) True Margin	Misstatement (Absolute)	Implication
Part 'B'	27.50%	25.14%	2.36% Overstatement	Risk of underpricing due to inflated margin
Part 'A'	25.41%	27.49%	2.08% Understatement	Risk of incorrect product mix optimization

Source: Automobile Study, 2016

These findings confirm that strategic decisions based on TCA data are fundamentally flawed, leading to misguided pricing and resource allocation. By deploying ABC, verified through the cost audit, companies gain clarity to optimize their product mix and direct production toward items yielding the highest true returns (Automobile Study, 2016).

3.2. Strategic Sourcing: The Make-or-Buy (MoB) Framework

The Make-or-Buy (MoB) decision complexly impacts profitability and competitive resilience (Kulkarni & Jenamani, 2008). Strategic MoB frameworks require the simultaneous consideration of costs, core competences, and inherent risk (Kulkarni & Jenamani, 2008). The cost audit verifies the internal “cost to make” using accurate ABC data. The framework, developed for the Indian automobile sector, explicitly suggests the decision point where risk evaluation is necessary during the MoB process (Kulkarni & Jenamani, 2008). A crucial strategy is *partial outsourcing*, where firms maintain a “make” capability to retain know-how and mitigate dependence or supplier opportunism, a strategy leveraged by companies like Rico Auto and Sundaram fasteners (MSE Working Paper, 2021). The cost audit verifies the financial justification for maintaining this internal strategic capacity (Kulkarni & Jenamani, 2008).

Section 4: Advanced Costing Tools: Target Costing and Life Cycle Costing (LCC)

[SECTIONS 4 AND 5 MERGED PER PEER REVIEW]

4.1. The Necessity of Target Costing

In the price-sensitive Indian market, Target

Costing is a critical approach that focuses on achieving profitability before production begins (Narsaiah, 2019). This reverses the traditional cost accumulation model, focusing on reducing costs *prior* to allocating productive resources (Narsaiah, 2019). The process involves:

- ⊙ Determining the target sales price and desired profit (Al Adwan et al., 2018).
- ⊙ Ascertaining the maximum allowable target cost.
- ⊙ Executing cost investigation across processes (Al Adwan et al., 2018).
- ⊙ Ascertaining the *expected cost* using detailed models.
- ⊙ Conducting comparative analysis to close the cost reduction gap (Al Adwan et al., 2018).

The cost audit’s role is to validate the ‘Expected Cost’ (Step 4) against verifiable cost records. This ensures that strategies used to close the gap rely on sustainable, auditable cost reductions, such as value engineering or optimized sourcing (Tata Motors Report, 2013).

4.2. Value Engineering and Continuous Improvement

Leading Indian OEMs, such as Tata Motors, recognize that continuous cost reduction is essential for improving revenue and strategic market position, employing practices like value engineering and formalized supplier cost reduction programs (Tata Motors Report, 2013). Value engineering requires a granular cost breakdown, which the cost audit verifies for accuracy and reliability. Furthermore, the audit institutionalizes a vital feedback loop: Inefficiencies identified during a compliance audit

such as specific instances of resource wastage or time overruns (**ICMAI Report, 2023**) must be fed back into the Target Costing model for New Product Development (NPD). This systematic integration ensures that operational variances (short-term) refine the cost assumptions for future products (long-term), driving continuous cost reduction (**SCMF Analysis, 2024**).

4.3. Life Cycle Costing (LCC) for Electric Vehicles (EVs)

The structural shift to electric mobility, driven by tightening emission norms, presents unique cost complexities, particularly with the battery accounting for the majority of the vehicle's initial price (**Bain & Company, 2023**). The higher upfront cost of EVs necessitates reliable residual value management programs, such as buybacks, to mitigate consumer apprehension and offer liquidity comfort (**Bain & Company, 2023**). Traditional cost models are insufficient for this sector. The strategic model required is Life Cycle Costing (LCC), which holistically evaluates all costs associated with the entire lifespan of the EV, including operational costs and eventual disposal/recycling (**EV Costing Analysis, 2020**). LCC models, when accurately developed and verified, serve two purposes: they calculate the Total Cost of Ownership (TCO) to prove the EV's long-term financial advantage, and they form the financial basis for residual value management programs (**Bain & Company, 2023; EV Costing Analysis, 2020**).

The Strategic Imperative

The statutory cost audit is no longer a compliance burden—it is the essential engine of competitive intelligence. Discover how verified cost data is mandatory for Indian manufacturers to mitigate margin erosion and secure competitive pricing against global rivals, ensuring long-term profitability and market resilience

4.4. Specialized Cost Auditing for EV Components

For manufacturers of EV components, especially batteries, cost auditing requires specialized alignment with high-technology production and volatile material markets (**SSCO India, 2025**). The focus is rigorous tracking of critical cost elements like lithium and lead, mandatory under CRA-1 (**SSCO India, 2025**). Auditors must ensure management prepares detailed, product-wise cost sheets that correctly segregate material usage, conversion costs, and margin analysis for distinct product categories, such as

two-wheeler batteries versus four-wheeler EV packs (**SSCO India, 2025**). Relying on lump-sum figures leads to inaccurate competitive pricing and non-compliance (**SSCO India, 2025**). This granular, verified tracking also serves as a crucial hedge against global commodity price volatility by enabling rapid strategic adjustments (**SSCO India, 2025**).

Section 5: Synthesis and Actionable Recommendations

5.1. Developing a Strategic Cost Management Framework (SCMF)

Sustained competitive advantage requires formal integration of cost audit findings into a Strategic Cost Management Framework (SCMF) (**SCMF Analysis, 2024**). This framework emphasizes robust cost analysis for informed decision models, incorporating risk and uncertainty through scenario analysis and sensitivity testing (**SCMF Analysis, 2024**).

Table 2: Strategic Decision using Audited Cost Data: An Analysis

Strategic Decision Area	Cost Audit Output/Data Used	Competitive Advantage Achieved
Operational Efficiency	Deviation from standards, resource wastage reports, multi-plant profitability comparison (ICMAI Report, 2023).	Continuous reduction of expenses, enhanced productivity, efficient resource allocation.

Strategic Decision Area	Cost Audit Output/Data Used	Competitive Advantage Achieved
Capacity Planning	Component true cost analysis (ABC), core competency assessment, risk evaluation points (Kulkarni & Jenamani, 2008).	“Optimal Make-or-Buy decisions, reduced supplier opportunism.
Competitive Pricing	Accurate product/service unit cost (ABC verified), target cost variance analysis (Automobile Study, 2016).	Proactive margin protection, value-based pricing, and successful export penetration.
NPD & EV Strategy	Life Cycle Cost (LCC) modelling parameters, material tracking (SSCO India, 2025).	Design for target cost, verifiable residual value management, mitigated LCC risk.

5.2. Actionable Recommendations for Indian Automobile/Manufacturing Leaders

- ⊙ **Mandate ABC Implementation:** Leadership must mandate the full transition from TCA to Activity-Based Costing (ABC) across all operations, using the statutory cost audit as the enforcement mechanism to guarantee the reliability of ‘true cost’ data required for production mix optimization (Automobile Study, 2016).
- ⊙ **Formalize Make-or-Buy Re-evaluation:** Establish a protocol requiring mandatory re-evaluation of significant sourcing decisions every three years. This must utilize a multi-factor framework that simultaneously considers verified costs, core competency retention, and supply chain risk, with verified audit data forming the basis of the cost analysis (Kulkarni & Jenamani, 2008).
- ⊙ **Integrate Global Benchmarking:** The strategic review accompanying the statutory cost audit report (CRA-3) should include a formalized section benchmarking key product unit costs against relevant global

Costing for Disruption

Learn how applying advanced strategic costing techniques, like Activity-Based Costing (ABC) and Life Cycle Costing (LCC), provides the verifiable 'true cost' required for optimal production decisions and resilient pricing strategies in India's volatile Electric Vehicle (EV) market

competitors. This practice helps identify and eliminate the margin errors (e.g., 2% to 3% misstatement) that impede export success (CSEP, 2025; Automobile Study, 2016).

⊙ **Adopt Life Cycle Costing (LCC) for New Platforms:** For all New Product Development (NPD), especially in the EV sector, LCC must replace unit cost accounting as the primary model for pricing and strategic planning. The cost audit must verify the engineering and financial assumptions underlying the LCC model, particularly relating to battery costs and residual value

guarantees (Bain & Company, 2023; EV Costing Analysis, 2020).

Conclusion: Securing Long-Term Resilience

In the highly competitive and evolving Indian manufacturing landscape, the ability to control costs and make profitable pricing decisions is directly tied to the accuracy of internal cost information. By embracing the cost audit not merely as a necessary compliance function but as a powerful source of verified strategic intelligence, manufacturers can correct fundamental flaws in cost allocation, optimize resource utilization, and develop resilient pricing strategies. This transformation secures the long-term profitability and market success of

Indian industry leaders amidst dynamic competitive pressures. **MA**

References

1. Al Adwan, A. et al. (2018). Five-Step Process for Implementing Target Costing in New Product Development.
2. Automobile Study. (2016). Comparative Analysis of Activity-Based Costing (ABC) and Traditional Cost Accounting (TCA) in Automobile Parts Manufacturing.
3. Bain & Company. (2023). Cost Dynamics of Electric Vehicles (EVs) and the Need for Residual Value Management in the Indian Market.
4. CSEP. (2025). Analysis of the Indian Automobile Industry's Scale, Export Constraints, and Domestic Market Growth.
5. EV Costing Analysis. (2020). The Essential Role of Life Cycle Costing (LCC) for Comparative Analysis of Electric Vehicles (EVs).
6. ICMAI Report. (2023). Role of Cost Audit Data in Regulating Production, Detecting Wastage, and Multi-Plant Profitability Comparison.
7. Kotak/SIAM. (2025). Review of Cost Pressures, Market Bifurcation, and Regulatory Transitions in the Indian Auto Sector.
8. Kulkarni, V. & Jenamani, M. (2008). Strategic Framework for Make-or-Buy (MoB) Decision-Making in the Indian Automobile Industry.
9. Narsaiah, G. (2019). Application of Target Costing for Product Development and Profitability Improvement in the Indian Automobile Sector.
10. MSE Working Paper. (2021). Use of Advanced Design and Engineering Capabilities to Mitigate Outsourcing Risk in Indian Component Suppliers.
11. Plutus Education. (2023). The Evolving Strategic Role of Cost Audit as a Business Necessity for Enhanced Control and Competitive Pricing.
12. SCMF Analysis. (2024). Framework for Strategic Cost Management and Integrating Feedback Loops via Variance Reports and KPIs.
13. SSCO India. (2025). Cost Audit Checklist and CRA-1 Compliance for Battery and Regulated Product Manufacturers in India.
14. Statutory Rules. (2014). Statutory Requirements for Cost Audit in India under the Companies Act, 2013 and Cost Accounting Rules, 2014.
15. Tata Motors Report. (2013). Strategic Cost Management Practices: Value Engineering, Global Sourcing, and Cost Reduction Programs at Tata Motors.

HOLIDAY HOME AT PURI & NEW DIGHA

**NEW DIGHA (WEST BENGAL)
(TWO A.C. ROOMS)**

**HOTEL SURFRIDE &
RESTAURANT PVT. LTD.**

NEW TOWNSHIP
NEW DIGHA
PURBA MIDNAPORE
THE BEACH IS JUST ONE
MINUTE WALK

PER ROOM PER DAY
₹1,200/- , ₹1,400/-
CHECK OUT 09:30 A.M.

**PURI (ORISSA)
(FOUR ROOMS)**

HARIN GUEST HOUSE
NEW MARINE DRIVE ROAD
BESIDE BIRLA GUEST HOUSE
PURI

SEA IS VISIBLE FROM THE
BALCONY
THE BEACH IS JUST ONE
MINUTE WALK

PER ROOM PER DAY
₹700/- , ₹800/-
CHECK OUT 5:00 MORNING

The Institute of Cost Accountants of India Employees' Co-operative Credit Society Ltd. has its Two AC Rooms at New Digha (other facilities like Swimming Pool) and Four Non AC Rooms in Puri for Employees, Students and Members of The Institute of Cost Accountants of India and others. Rooms are well furnished with attached bath, Generator and Cable line facilities. Kitchen facilities are available only at Puri.

For details Contact:

The Institute of Cost Accountants of India Employees' Co-operative Credit Society Ltd.

12, Sudder Street, Kolkata - 700 016

Phone: 033 4036-4753, 4036-4731, 4036-4763

'COST AUDIT' IS NEED OF HOUR IN BANKING SECTOR

Abstract

Conducting a Cost Audit in a Bank supports effective Cost Management, which is vital for setting service prices, boosting profitability, and enhancing corporate governance. A reliable Cost Accounting System is crucial for a bank to accurately price its products and services, as it provides essential information for key managerial decisions.

Cost Audits enable comparisons across different branches or central processing centres or departments, helping to identify and resolve inefficiencies. They assist Banks in detecting and eliminating waste and operational weaknesses, leading to better resource use and increased profitability, key factors for maintaining competitiveness in today's market.

Furthermore, Cost Audits offer insights into the profitability of specific products or services, aiding management in making well-informed decisions about their offerings. They also enhance a Bank's Risk Management by providing dependable Cost Data necessary for strategic planning.

With precise and verified Cost Information, Bank Leaders can make improved decisions regarding pricing, resource allocation, and growth. Additionally, Cost Audits encourage transparency and accountability by ensuring stakeholders have access to clear and accurate cost details, thereby building trust among investors, management, and regulators.

In our country, Cost Audits are legally required for certain industries. Even where not mandatory, conducting Cost Audits helps banks comply with relevant regulations and guidelines.



CMA (Dr.) P. Siva Rama Prasad

Former Asst. General Manager

State Bank of India

Hyderabad

cma.psrprasad@gmail.com

Although there is no formal, compulsory Cost Accounting System mandated by specific Reserve Bank of India (RBI) regulations for all Indian Banks, the

challenging financial environment, marked by rising operational costs and shrinking net interest margins, is motivating Banks, especially Public Sector Banks (PSBs), to voluntarily adopt and enhance their Internal Cost Management and Cost Accounting Practices. While implementing robust Costing Systems benefits performance management in Indian Banks, statutory Cost Audits are currently not required for the Banking Sector in India.

Current Situation and Reasons for Adoption:

Indian Banks face significant financial challenges such as rising operational expenses, an increasing cost-to-income ratio, shrinking net interest margins, and heightened competition, all of which negatively impact their profitability. These issues drive banks to implement improved cost control measures.

Cost to Income Ratio of Public Sector Banks (For the FY 2021 to 2025)

Sl. No.	Name of the Bank	2021	2022	2023	2024	2025
01	Bank of Baroda	49.21%	49.24%	47.72%	47.71%	47.94%

02	Bank of India	51.34%	54.48%	51.08%	51.73%	50.84%
03	Bank of Maharashtra	47.37%	44.26%	39.14%	37.55%	38.37%
04	Canara Bank	49.55%	46.16%	44.79%	47.04%	47.27%
05	Central Bank of India	59.70%	58.27%	56.35%	58.18%	58.87%
06	Indian Bank	48.55%	46.21%	44.20%	45.92%	44.77%
07	Indian Overseas Bank	48.54%	48.61%	51.94%	56.32%	47.14%
08	Punjab & Sind Bank	75.61%	63.16%	62.95%	72.16%	61.23%
09	Punjab National Bank	47.82%	49.38%	51.69%	53.37%	54.59%
10	UCO Bank	53.40%	49.89%	55.94%	59.74%	56.99%
11	Union Bank of India	46.02%	45.74%	46.27%	46.42%	45.48%
Average of 11 PSBs		49.57%	48.83%	48.41%	49.70%	49.15%
12	State Bank of India	53.60%	57.91%	53.87%	55.66%	51.64
Average of 12 PSBs		51.13%	52.31%	50.45%	51.98%	50.09

(Source: IBA Data)

Voluntary Adoption: Banks are increasingly focusing on cost reduction efforts and developing internal cost management systems to enhance efficiency and remain competitive.

Internal Decision-Making: Cost accounting, a subset of management accounting, provides detailed cost information crucial for internal decisions like optimizing pricing, evaluating product mixes, and improving overall operations.

Regulatory and Industry Support: The Institute of Cost Accountants of India (ICMAI) has recommended mandatory cost accounting and audits for banks to better manage non-performing assets (NPAs) and uphold financial discipline. While not compulsory for all, the value of enhanced cost information is widely recognized.

CAMELS Framework: The CAMELS rating system used by regulators to assess bank performance includes factors such as management efficiency and earnings, which rely on effective internal cost control and analysis.

Key Areas of Application in Banks apply cost accounting principles across various internal functions, including:

Profit Center Analysis: Identifying profit centers

like corporate banking, retail banking, and treasury operations, and determining their specific costs and revenues.

Product/Service Costing: Calculating the true cost of various products and services (e.g., loans, mobile banking, ATM services) to optimize pricing and resource allocation.

Overhead Allocation: Using methods such as activity-based costing (ABC) to more accurately assign overhead costs to particular activities and products.

Performance Evaluation: Utilizing cost data to evaluate the performance of branches, departments, and employees.

Risk Management: Employing cost information to assess project feasibility and manage risks related to lending and other operations.

Although comprehensive statutory requirements for cost accounting are not mandated for all banking operations under the Companies Act, 2013 (which applies mainly to certain manufacturing and service sectors based on turnover), implementing robust internal cost accounting systems is strategically vital for Indian Banks in today's challenging economic and competitive landscape. Increasing financial pressures strongly support the adoption

of advanced cost management practices to ensure long-term profitability and stability.

Need for Implementing Cost Accounting Systems & Cost Audit in Indian Banks: The main reason banks are exempt from mandatory Cost Audits is that they are already subject to strict financial supervision and comprehensive audit requirements imposed by their regulatory authority, the Reserve Bank of India (RBI). This strong regulatory framework, which includes risk-based internal audits, concurrent audits, and detailed financial reporting standards is deemed sufficient to ensure transparency and accountability, making an additional separate cost audit unnecessary. Although a statutory cost audit under the Companies Act is not mandatory, banks undergo various other audits that, together with effective internal costing systems, establish a solid governance structure:

Financial Audit: This required an external audit to confirm that the bank's financial statements (such as the balance sheet and profit and loss account) accurately reflect its financial status and comply with accounting standards.

Internal Audit / Risk-Based Internal Audit: Banks have strong internal audit mechanisms, often focused on risk, which assess operational efficiency, risk management, and compliance with internal policies and regulations. Reliable costing data can significantly enhance the quality of these audits.

Regulatory Audits: The RBI conducts regular inspections and audits to verify banks' adherence to banking regulations, capital adequacy norms (like Basel III), asset quality, and risk controls.

Management Audit: This audit reviews the effectiveness of all operational functions from planning to execution, a process greatly improved by precise cost and performance information.

In the banking sector, conducting a "Cost Audit" is most beneficial in departments that heavily impact the Bank's profitability and efficiency, especially where costs are complex, irregular, or variable. Such audits can evaluate cost-effectiveness and optimize operations in key cost centers including:

- Lending.
- Deposit Accounts.

- Banking Operations.
- Central Processing Centers.
- Technology Department, among others.

Costing Systems and their benefits in Indian Banks: Implementing formal costing methods, such as Activity-Based Costing (ABC), in banks results in multiple advantages:

- ⊙ **Informed Decision-Making.** Access to detailed cost data enables management to understand the true expenses associated with each product or service (like various loan categories or digital banking offerings) and customer group, facilitating improved strategic and operational decisions.
- ⊙ **Cost Control and Efficiency.** These systems help banks identify inefficiencies, manage costs, particularly increasing operational and infrastructure expenses and make better use of resources.
- ⊙ **Pricing Strategy.** Accurate cost calculation allows banks to establish competitive yet profitable pricing for their products and services.
- ⊙ **Performance Evaluation.** Costing systems provide a reliable basis for evaluating the performance of different departments, branches, and business units.
- ⊙ **Strategic Planning.** The insights derived support effective planning, budgeting, and forecasting, ensuring that business outcomes align with strategic goals.

Cost Accounting principles are highly valuable and frequently used internally by banks to enhance management effectiveness and benefit stakeholders.

- ⊙ **For Management.** Cost data enables banks to analyse profitability across various services or products (such as loans, credit cards, wealth management), control internal costs, detect inefficiencies, make informed pricing decisions, and optimize resource allocation.
- ⊙ **For Customers.** Efficient cost management can result in more competitive and fair pricing of services (like interest rates and

transaction fees), as banks gain a clearer understanding of the actual costs involved.

- ⊙ For Shareholders. Improved internal cost control and operational efficiency can boost a bank's overall profitability and competitiveness, leading to better returns for shareholders. Additionally, rigorous financial audits provide assurance regarding the bank's financial health and regulatory compliance.
- ⊙ For Regulators / Government. The comprehensive financial reporting and auditing frameworks already in place supply the Reserve Bank of India (RBI) and government authorities with essential data for policymaking and monitoring the sector's financial stability.

1. Core Banking Functions:

- a. Lending and Credit Division:** Cost audits help identify the actual expenses involved in various lending activities, including loan processing and recovery.

- ⊙ *Cost of Funds:* The audit reviews costs associated with raising funds for lending through deposits, money markets, refinance facilities, and other borrowings.
- ⊙ *Loan Processing and Disbursement:* Analysis uncovers inefficiencies in the time and resources spent on application handling, documentation, and credit assessments.
- ⊙ *Management of Non-performing Assets (NPAs):* Cost audits examine the significant expenses related to recovery efforts, legal fees, and administrative overhead for bad loans.

- b. Deposit and Account Services:** Understanding the true cost of managing customer deposits and accounts is essential for profitability.

- ⊙ *Cost-to-Serve (CTS) Analysis:* A cost audit identifies the expenses involved in servicing different types of accounts, highlighting the most profitable customer

segments.

- ⊙ *Low-Cost Deposits (CASA):* The audit evaluates the effectiveness of initiatives aimed at attracting low-cost current and savings account deposits, which are vital for the bank's net interest margin (NIM).

- c. Branch Network and Delivery Channels:** As banks move toward digitalization, cost audits assess the efficiency of both physical branches and digital platforms.

- ⊙ *Branch Operations:* Audits evaluate costs related to rent, staffing, and utilities to determine the profitability of individual branches or the entire network.
- ⊙ *Digital Channels:* Cost audits measure the efficiency and return on investment (ROI) of alternative delivery methods such as mobile banking, internet banking, cash deposit machines, call centers, and ATMs.

2. Support Functions and Key Strategic Areas:

- a. Information Technology (IT) Department:** Since banks rely heavily on technology, the IT Department serves as a major cost center and is well-suited for efficiency audits.

- ⊙ *Technology Investments and Cost Audits:* These audits evaluate the cost-effectiveness of investments in emerging technologies such as cloud computing, artificial intelligence (AI), and data analytics.
- ⊙ *System Maintenance and Support:* Audits in this area help identify potential savings related to software licenses, hardware maintenance, and IT support services.
- ⊙ *Process Automation:* Assessing the return on investment (ROI) of automation projects ensures they successfully reduce costs and boost productivity.

- b. Human Resources (HR) Department:** Personnel expenses constitute a large portion of bank costs, making HR a vital focus for cost audits.

⊙ *Workforce Optimization:*

Audits can reveal opportunities to restructure roles, eliminate redundant processes, and enhance employee productivity without relying on unsustainable actions like layoffs.

- ⊙ *Training and Development:* Cost audits evaluate the ROI of training programs and their effects on employee productivity and retention.

Cost Audit is crucial for Banks due to increasing Operating Expenses and Overheads, ensuring Independent Verification, improved Cost Management, Greater Efficiency, Precise Pricing, Stronger Governance, and Higher profitability

c. Procurement and Vendor Management:

Sourcing goods and services is a crucial area for cost optimization through auditing.

- ⊙ *Vendor Consolidation:* Audits can uncover chances to cut costs by streamlining vendor relationships and negotiating more favorable bulk contracts.
- ⊙ *Process Automation:* Audits assess how effectively procurement, invoicing, and compliance processes are automated to reduce administrative expenses.

3. Risk Management and Compliance:

a. Internal and Regulatory Compliance:

As a regulated sector, the banking industry must adhere to a wide range of regulatory requirements.

- ⊙ *Compliance Costs:* Cost audits can evaluate the expenses associated with regulatory compliance and help ensure these costs are managed efficiently.
- ⊙ *Fraud Detection:* Audits can assess the effectiveness of fraud detection and prevention systems to reduce financial losses.

b. Asset Liability Management (ALM):

This area deals with a bank's funding and investment strategies, focusing on controlling costs. Cost audits can verify that a bank is:

- ⊙ Matching the maturity schedules of assets and liabilities to maintain stable funding costs.
- ⊙ Diversifying its funding sources to optimize the overall cost structure.

Conclusion:

Although Indian Banks are not required by the Companies Act to undergo a specific

statutory Cost Audit, applying cost management principles is essential for their efficiency and profitability. By integrating internal costing systems with the existing thorough audit and regulatory frameworks, banks maintain strong financial stability and good governance. The Institute of Cost Accountants of India (ICMAI) has proposed making Cost Audits mandatory for the banking and insurance sectors to enhance transparency and accountability. As the Banking Industry becomes more strategic, implementing robust cost accounting systems and conducting audits will remain crucial for improving operational efficiency, financial management, and corporate governance. While a separate mandatory Cost Audit is not currently legally required for Indian Banks, the fundamental principles and advantages of effective Costing Systems are highly relevant and widely adopted internally to boost performance and create value for stakeholders. MA

References

1. *Companies Act, 2013.*
2. *RBI Guidelines on Various Audits of Banks.*
3. *Indian Banks Association Published Data.*

ROLE OF AI TOOLS IN COST AUDIT

OPPORTUNITIES & CHALLENGES FOR COST AUDITORS IN INDIA

Abstract

The advent of artificial intelligence (AI) in accounting and auditing is reshaping how auditors examine, validate and report cost information. Cost audit — a statutory and managerial control mechanism in India — stands to gain materially from AI through automation, continuous auditing, enhanced anomaly detection and richer analytical insight. However, adoption presents challenges: data quality and privacy, algorithmic explainability, regulatory uncertainty, skill gaps among cost auditors, and potential impacts on audit quality oversight. This paper reviews the legal and institutional context for cost audit in India, surveys AI techniques relevant to cost audits, analyses opportunities and risks for cost auditors, and provides practical recommendations for institutions, practitioners and regulators to safely realize AI's benefits.

Introduction

Cost audit in India is both a statutory requirement for specified companies and an important tool for internal cost management and competitive benchmarking. Traditional cost audits rely heavily on document inspection, sample testing and manual reconciliations — tasks that are time-consuming and prone to human limitations when faced with very large transaction volumes or complex cost structures. AI promises to change this landscape by enabling scalable data analysis, pattern recognition across heterogeneous data sources, natural language processing for contracts and policies, and process automation for routine reconciliations. This paper examines how AI can be integrated into cost audit



CMA (Dr.) Ritesh Agarwal

Dean (Faculty of Management & Commerce)
Rakshpal Bahadur Institute of Management (RBMI)
Bareilly
ragarwal76@gmail.com

procedures, what opportunities this creates for cost auditors in India, and what challenges must be addressed to ensure audit quality, compliance and professional accountability.

Legal and Institutional Context for Cost Audit in India

The Companies (Cost Records and Audit) Rules, 2014 (and subsequent amendments) set out requirements for the maintenance of cost records and cost audit for specified industries and companies meeting turnover thresholds. Cost auditors must submit cost audit reports in prescribed formats and are responsible for expressing reservations and highlighting non-compliances. The statutory structure both mandates cost audits and frames the professional duties and reporting expectations of cost auditors, thereby shaping how new technologies may be deployed in practice. (ICMAI)

Institutional bodies such as the Institute of Cost Accountants of India (ICMAI) have begun issuing guidance and educational material about AI techniques relevant to cost and management accountants, demonstrating professional recognition of AI's centrality to future practice and the need to prepare practitioners. (ICMAI)

Meanwhile, the Ministry of Corporate Affairs (MCA) and other industry commentators in India

have encouraged auditors to leverage AI to detect inefficiencies and strengthen risk mitigation, signalling regulatory and policy interest in technological adoption in the auditing domain. (LinkedIn)

Literature Review & Global Practice Signals

Academic and practitioner literature identifies several classes of AI tools being applied in auditing: machine learning models for anomaly detection and risk scoring, robotic process automation (RPA) for repetitive tasks, natural language processing (NLP) for reading policies and contracts, and knowledge graphs for linking related entities and transactions. Global audit regulators and large firms are experimenting with these tools; however, regulators have also noted gaps in how audit firms measure the impact of AI on audit quality and the need for governance frameworks around algorithmic tools. This dual signal — strong potential with emergent governance challenges — is visible in recent reviews and regulator commentaries. (Financial Times)

Industry studies (e.g., reports on anomaly detection platforms and AI-powered continuous monitoring) show enterprises and audit functions adopting AI-enabled transaction monitoring, automated reconciliation and continuous auditing approaches — capabilities highly relevant to cost audit activities such as material consumption analysis, variance investigations and overhead allocations. (PwC)

AI Tools & Techniques Relevant to Cost Audit

Below are principal AI techniques and how they map to cost audit tasks:

1. Machine Learning (Supervised & Unsupervised):

- ⊙ Use: Detect anomalous transactions (e.g., suspicious procurement entries), forecast costs, segment cost drivers.
- ⊙ Audit task alignment: Transaction screening, unusual cost pattern detection, predictive variance analysis.

2. Natural Language Processing (NLP):

- ⊙ Use: Parse vendor contracts, service-level agreements, policy texts, and unstructured cost narratives.
- ⊙ Audit task alignment: Identifying contract clauses that affect cost recognition, flagging contract-drift risks.

3. Robotic Process Automation (RPA) + Workflow Automation:

- ⊙ Use: Automate data extraction from ERP, bank statements, and standard reconciliations.
- ⊙ Audit task alignment: Routine reconciliations, mappings of ledger to cost centers, data cleansing.

4. Anomaly Detection & Time-series Analysis:

- ⊙ Use: Continuous monitoring of KPIs (e.g., yield loss, scrap rates, energy consumption).
- ⊙ Audit task alignment: Ongoing cost surveillance, early warning on operational inefficiencies.

5. Causal Inference & Explainable AI (XAI):

- ⊙ Use: Support root-cause analysis for cost variances while providing explainable outputs for auditor judgment.
- ⊙ Audit task alignment: Evidence to support management assertions about cost movements.

6. Data Visualization & Dashboards (AI-enhanced):

- ⊙ Use: Present complex multidimensional cost data into interactive, drillable formats for auditor review.
- ⊙ Audit task alignment: Trend and ratio analysis, communication with management.

Opportunities for Cost Auditors in India

1. Efficiency & Coverage: AI can automate repetitive tasks (data extraction, reconciliations), enabling cost auditors to increase sample coverage and perform near-continuous auditing over full populations rather than limited samples. This improves detection power and reduces time spent on manual bookkeeping checks. Institutional encouragement and guidance are emerging in India to adopt such tools. (ICMAI)

2. Improved Anomaly Detection and Risk Prioritization: Unsupervised machine learning techniques can surface unusual transactions or cost patterns (e.g., duplicate invoices, abnormal scrap rates, unexplained cost center transfers), enabling auditors to focus on high-risk areas. AI-powered anomaly detection is already being positioned as

a key capability in finance functions regionally. (PwC)

3. Deeper Analytical Insights & Value Addition:

Beyond compliance, AI enables deeper managerial insights — marginal cost drivers, process inefficiencies, product profitability segmentation — allowing cost auditors to provide strategic advisory inputs alongside statutory assurance.

4. Continuous and Real-time Assurance:

AI facilitates continuous monitoring of cost metrics, enabling earlier detection of cost control failures and enabling more timely audit reporting and recommendations.

5. Scalability and Cross-Industry Templates:

AI models once developed and validated can be adapted across similar cost structures (e.g., multiple plants, similar product families), yielding economies of scale in audit deployment.

Challenges & Risks

1. Data Quality, Availability and Integration:

AI's effectiveness is tightly coupled to data completeness, accuracy, and harmonization across ERP/legacy systems. Many Indian companies, especially in manufacturing SMEs, face fragmented data architectures that challenge straightforward AI deployment.

2. Explainability and Auditability of AI Models:

Auditors must be able to explain how AI-generated conclusions were reached. Black-box models that cannot be explained undermine audit evidence and auditor judgment, and may not meet professional skepticism requirements.

3. Regulatory and Professional Oversight:

While Indian regulators and professional institutes encourage AI adoption, formal standards and expectations on AI governance in audit (model validation, performance KPIs, logging, and audit trails) are still evolving. International regulator reviews highlight that firms frequently lack KPIs that measure AI's impact on audit quality — a worry that must be heeded locally. (Financial Times)

AI is transforming cost audits—automating checks, detecting anomalies, enhancing insights, and enabling continuous assurance for smarter decision-making

4. Data Privacy and Confidentiality:

Cost audits often handle sensitive pricing, vendor and cost structure data. Using cloud-based AI or third-party AI services raises confidentiality and cross-border data transfer concerns under data protection norms.

5. Skills Gap & Change Management:

Successful AI adoption requires data engineering, model validation, and data science expertise in addition to domain cost accounting knowledge. Many costs auditors lack access to

these hybrid skills, and professional development is required.

6. Bias, Robustness and False Positives: Models trained on historical data may encode historic biases (e.g., recurring exceptions normalized as 'normal'), leading to missed detection or false positives which impose investigation costs.

7. Liability & Professional Responsibility: The introduction of AI raises questions of responsibility when AI-supported findings turn out to be incorrect. Auditors must retain professional judgment and document how AI outputs were used in forming audit conclusions.

Practical Implementation Framework for Cost Auditors

To derive benefit while mitigating risks, auditors and firms should adopt a phased implementation framework:

1. Assessment & Use-case Prioritization:

Identify high-impact, low-complexity use cases (e.g., automated reconciliations, complete-ledger anomaly scans) before tackling complex predictive models.

2. Data Readiness & Governance:

Invest in data quality, metadata, and master data management; create ingestion pipelines and secure access controls.

3. Model Selection & Explainability:

Prefer models that balance performance and explainability; use XAI techniques and generate human-readable rationales for flagged

items.

4. **Validation & Continuous Monitoring:** Define KPIs for model performance, back-test on historical periods, and monitor drift. Maintain logs for auditability.
5. **Regulatory & Ethical Compliance:** Ensure data privacy controls; adopt contractual and technical safeguards when third-party AI is used.
6. **Skill-building & Collaboration:** Build cross-functional teams (cost auditors + data engineers + data scientists) and leverage professional institute trainings.
7. **Documentation & Professional Judgment:** Document how AI outputs were used, auditor review steps, and decisions to accept or reject AI-suggested leads.

Recommendations

For Professional Institutes (e.g., ICAI)

- ⊙ Develop practical guidance on AI model governance for cost audit, including validation protocols, XAI expectations and documentation standards. ICAI's guidance notes on AI techniques are a strong foundation and should be expanded into audit-specific guidance and sample templates. (ICMAI)

For Regulators (MCA and Audit Oversight Bodies)

- ⊙ Issue clarifying guidance on the use of AI in statutory cost audits addressing data sovereignty, model validation, and minimum documentation requirements; encourage pilots and sandboxing to learn without compromising audit quality. Public exhortations to adopt AI are useful but should be paired with standards to ensure quality. (LinkedIn)

For Audit Firms & Practitioners

- ⊙ Start with pilot projects that automate high-volume, low-judgment tasks (e.g., full-population transactional checks) while ensuring robust human review. Track KPIs showing the impact of AI on audit coverage, false positives rate and time savings — directly addressing concerns regulators have raised about measuring AI impact. (Financial Times)

For Technology Vendors

- ⊙ Provide transparent model documentation, reproducible training/test datasets (when possible), on-premise or encrypted-cloud deployment options and role-based access; build explainability features integrated into outputs tailored for auditors.

For Academia & Research

- ⊙ Conduct India-context empirical studies evaluating AI models on real cost audit datasets (properly anonymized) to validate detection power, false-positive rates and the value added in managerial insights.

Conclusion

AI presents a transformative opportunity for cost audit in India: improved efficiency, greater coverage, better anomaly detection, and higher-value advisory outputs. Yet the promise carries material responsibilities — data governance, model explainability, professional judgment and regulatory clarity are necessary preconditions for safe adoption. Professional bodies and regulators in India have begun nudging and equipping practitioners (through guidance and seminars), but coordinated action — combining technical pilots, skill development, governance frameworks and regulatory clarification — is needed to ensure AI enhances, rather than undermines, audit quality. MA

References

1. *Companies (Cost Records and Audit) Rules, 2014 (as amended).* (India). (ICMAI)
2. *Guidance Note on Techniques of Artificial Intelligence (AI) and the Role of Cost and Management Accountants — Institute of Cost Accountants of India (ICMAI), First Edition: January 2024.* (ICMAI)
3. *Press and professional commentary: Ministry of Corporate Affairs urging cost auditors to leverage AI for inefficiency detection (LinkedIn/industry coverage).* (LinkedIn)
4. *Financial Reporting Council (FRC) review — concerns that large accounting firms fail to formally track AI's impact on audit quality and the need for governance of AI tools.* (Financial Times)
5. *Industry/consulting note on AI-powered anomaly detection and continuous monitoring (PwC/IDC perspectives on transaction monitoring adoption in Asia/India).* (PwC)

COST AUDIT AS A STRATEGIC TOOL FOR PLANNING AND PRICING DECISIONS IN UNCERTAIN BUSINESS ENVIRONMENTS

Abstract

In contemporary business environments characterised by volatility, uncertainty, technological disruption, and regulatory complexity, cost audit is increasingly relevant beyond its conventional compliance role. This conceptual paper reframes cost audit as a strategic assurance tool that enhances decision quality, pricing robustness, and organisational resilience. The study pursues three objectives: (i) to explain the role of cost audit in strategic planning and decision-making; (ii) to analyse how firms that integrate cost audit into managerial processes can achieve sustainable growth and competitive advantage; and (iii) to develop a conceptual framework linking cost audit processes to strategic outcomes, pricing decisions, and profitability. Anchored in agency theory, the resource-based view (RBV), dynamic capabilities, and contingency theory, this paper argues that structured cost audit processes generate validated cost intelligence that improves governance, strengthens strategic choices, and enhances adaptability in turbulent environments. The paper concludes by identifying gaps and proposing directions for empirical research on the strategic and behavioural implications of cost audit.

Introduction

Organisations today operate in an environment shaped by global supply chain shocks, inflationary pressures,



CMA (Dr.) R. Ravichandran

Chief Manager
Kirtane & Pandit, LLP
Bengaluru
rchandrain@yahoo.com



N. Rakesh

Assistant Professor
School of Commerce and Management
Jain Deemed to be a University, Bengaluru
v.rakesh71094@gmail.com

abrupt technological shifts, and regulatory scrutiny. These factors have heightened the need for high-quality cost information to support strategic planning, pricing decisions, risk management, and long-term competitiveness (KPMG, 2022). While cost audits have historically been associated with statutory compliance, price regulation, and public interest cases—particularly in India (ICMAI,

2014)—their potential as strategic tools has received limited academic attention.

This paper argues that cost audit, when integrated with strategic and operational processes, enhances decision quality, mitigates agency risks, and strengthens competitive resilience. The study develops a conceptual framework linking the cost audit process with the generation of insights, strategic choices, pricing decisions, and sustained performance. It also identifies a research gap concerning the strategic, rather than compliance-oriented, role of cost audits in uncertain business contexts.

Review of Literature

1. Management Control Systems and Cost Information

Management control systems (MCS) serve as mechanisms that translate strategic intent into coordinated action. Anthony and Govindarajan (2007) describe MCS as a framework that supports planning, budgeting, performance measurement, and feedback. Validated cost information supports product mix optimisation, capacity utilisation decisions, and pricing strategies.

2. Strategic Cost Management and Advanced Costing Methods

Strategic cost management literature highlights the need for accurate cost information to achieve a competitive advantage. Porter (1985) identifies cost leadership and differentiation as key strategic pathways, both of which require precise knowledge of cost behaviour. Activity-based costing (ABC) and its refinements, such as time-driven ABC (Kaplan & Anderson, 2004), provide deeper insights into resource consumption.

Empirical findings demonstrate that firms implementing ABC improve pricing accuracy and product profitability analysis, mainly when supported by audit mechanisms that validate the integrity of cost drivers (Narayanan & Sarkar, 2022). Cost audit, therefore, complements advanced costing systems by independently verifying allocation rules, cost accuracy, and data quality, enhancing the reliability of strategic cost management practices (Gupta & Gunasekaran, 2021).

3. The Indian Context: Governance and Regulatory Perspectives

In India, cost audit has a long association with industrial regulation, tariff setting, anti-dumping investigations, and public interest. ICAI (2014, 2021) emphasises its significance for corporate governance, transparency, and accountability. Recent updates to the Companies (Cost Records and Audit) Rules reinforce the role of audited cost data for price fixation in sectors such as cement, steel, power, and pharmaceuticals.

Studies suggest that cost audit identifies inefficiencies, improper allocation, and non-compliance, thereby improving cost control and enabling rational pricing (Nair & Das, 2023). As regulatory bodies increasingly rely on cost data in dispute resolution, cost audit is strategically relevant for firms operating in cost-sensitive industries.

4. Cost Audit Practice and Guidance

Cost audit practice typically includes planning, fieldwork, validation of cost records, evaluation of allocation bases, assessment of internal controls, and reporting (FasterCapital, 2024). Beyond compliance, cost audits offer diagnostic insights into process inefficiencies, wastage, and revenue leakages (Luzenta, 2024). Taxmann (2023) outlines statutory requirements but notes that firms increasingly view a cost audit as an opportunity to strengthen financial discipline.

5. Theoretical Foundations

Agency Theory

Agency theory posits that information asymmetry enables opportunistic behaviour and inefficiencies (Jensen & Meckling, 1976; Eisenhardt, 1989). Cost audits reduce agency costs by validating management-reported cost structures, exposing inefficiencies, and constraining managerial discretion. This enhances the credibility of pricing, budgeting, and investment decisions.

Resource-Based View

The RBV argues that sustainable competitive advantage arises from valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). High-quality cost intelligence can be considered a strategic capability that supports superior resource

allocation, cost control, and strategic learning (Peteraf & Barney, 2003).

Dynamic Capabilities

Dynamic capabilities theory highlights a firm's ability to sense opportunities and threats, seize opportunities, and reconfigure resources in response to change (Teece, 2007, 2018). Regular cost audits improve sensing and reconfiguring capabilities by providing timely insights into cost pressures, inefficiencies, and emerging risk signals.

Contingency Theory

Contingency theory emphasises that organisational practices are effective only when aligned with the environmental context (Donaldson, 2001). Cost audit gains strategic value in volatile, capital-intensive, regulated, or technologically complex industries—contexts where cost behaviour and allocation are critical.

6. Synthesis and Research Gap

The empirical literature highlights that while reliable cost information enhances managerial decision-making, significant gaps persist. Few studies integrate cost audits with strategic outcomes like pricing, product optimization, or competitiveness (Wang, Barney & Reuer, 2021). Research largely centers on compliance, neglecting how cost audits build dynamic capabilities and resilience in the face of uncertainty (Hoque, 2018). Moreover, limited cross-industry evidence from emerging markets constrains understanding of the strategic value of cost audits across differing regulatory and cost environments.

Theoretical Linkages

From an agency theory perspective, cost audit serves as a mechanism to reduce information asymmetry by independently verifying cost data, thereby enhancing transparency, curbing misreporting, and aligning managerial decisions with the interests of shareholders and other principals. Through the resource-based view, reliable, granular cost information emerges as a strategic capability that supports superior product portfolio optimisation, cost-reduction initiatives, and investment decisions, ultimately contributing to sustained competitive advantage. The dynamic

capabilities framework further highlights how periodic cost audits strengthen a firm's ability to sense emerging cost pressures, seize opportunities linked to pricing and sourcing, and reconfigure operational processes in response to environmental changes. Complementing these perspectives, contingency theory suggests that the value and effectiveness of cost audit are context-dependent, becoming particularly critical in volatile, capital-intensive, or heavily regulated industries where robust cost intelligence is essential for navigating uncertainty, meeting compliance requirements, and maintaining strategic agility.

Research Objectives

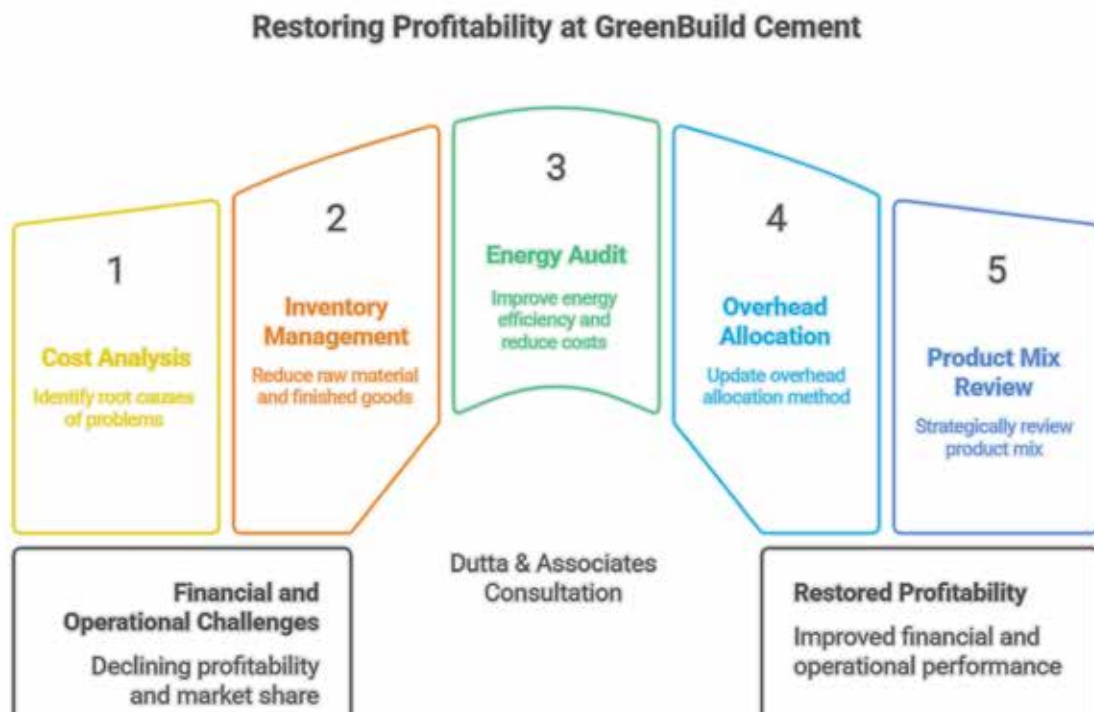
- To analyse the role of cost audit in strategic planning and decision-making.
- To examine how cost audit integration supports sustainable growth and competitive advantage.
- To develop a conceptual framework linking cost audit to strategic choices, pricing decisions, and profitability.

Cost Audit in Strategic Planning and Pricing Decisions

Cost audit plays a critical role in strategic planning and pricing decisions by enhancing the reliability and relevance of cost information used in managerial analysis. In the strategic planning context, audited cost data provide a robust foundation for evaluating product, customer, and geographic profitability, enabling managers to make informed decisions about resource allocation and market focus. Cost audits also help uncover inefficiencies such as excessive scrap, rework, idle capacity, and outdated technology, thereby informing process improvement and operational restructuring initiatives (PwC, 2022). Furthermore, by improving the accuracy of cost estimates and validating underlying assumptions, cost audits reduce optimistic biases in capital budgeting decisions and enhance the credibility of long-term investment appraisals (Blocher et al., 2020). Additionally, a cost audit enhances value-based pricing by providing reliable, consistent cost baselines that support price-setting in competitive markets (Hinterhuber & Liozu, 2019).

Cost Audit Sector Summary Table				
Company / Sector	Regulated / Non-regulated	Why Cost Audit Applies (Legal Trigger)	What Cost Audit Covers	Practical Benefits
Coal India Ltd. (Coal Mining)	Regulated	Mining is a notified sector; very high turnover crosses thresholds.	Mine-wise cost per tonne, stripping ratio, OB removal, wages, royalty, transport, overhead allocation.	Price fixation for coal, subsidy support, mine-wise profitability, production cost control.
NTPC / Power Generators	Regulated	Electricity generation notified; turnover/product thresholds met.	Plant-wise fuel cost, heat rate, auxiliary use, repairs, employee cost, depreciation, tariff sheets.	Basis for tariff petitions, proving cost prudence, improving efficiency and planning.
Fertilizer PSUs	Regulated	Fertilizers notified; high turnover crosses limits.	Unit-wise cost of urea/complex fertilizers, feedstock, utilities, conversion, inventory, capacity use.	Used for subsidy calculations, price fixation, efficiency monitoring, cost reduction.
Cipla / Pharma Majors	Regulated	Pharmaceuticals notified; thresholds crossed.	Product/batch-wise material cost, processing, QC, R&D allocation, packing, distribution.	Supports NPPA pricing, justifies margins, shows product profitability, reduces waste.
UltraTech Cement / Cement Sector	Non-regulated	Cement listed under non-regulated cost records; turnover exceeds limits.	Plant-wise cost of clinker/cement, mining, power, fuel, packing, maintenance.	Benchmarking efficiency, energy cost control, pricing and tender support.
Maruti Suzuki / Automobile Sector	Non-regulated	Automobiles listed; large turnover crosses limits.	Model-wise cost sheets, component/material cost, labour, machine hours, overhead absorption.	Pricing decisions, make-or-buy, vendor negotiation, cost-reduction programs.
Telecom Operators (BSNL/Private Telcos)	Regulated	Telecom services notified; turnover exceeds thresholds.	Service-wise network cost, spectrum charges, towers, customer acquisition, overhead allocation.	Tariff filings, interconnect charges, regulatory support, identifying loss-making circles.
Private Hospitals / Healthcare Chains	Non-regulated	Health services notified; large hospitals cross turnover thresholds.	Service-wise cost (OPD/IPD), diagnostics, surgeries, supplies, equipment depreciation, support services.	Helps fix package rates, insurer negotiations, regulatory justification, efficiency improvement.

Table -1-Source: <https://cmaguideindia.in/case-study-cost-audit-solutions-for-greenbuild-cement-manufacturing-unit/>



Source: <https://cmaguideindia.in/case-study-cost-audit-solutions-for-greenbuild-cement-manufacturing-unit/>

Fig- 1

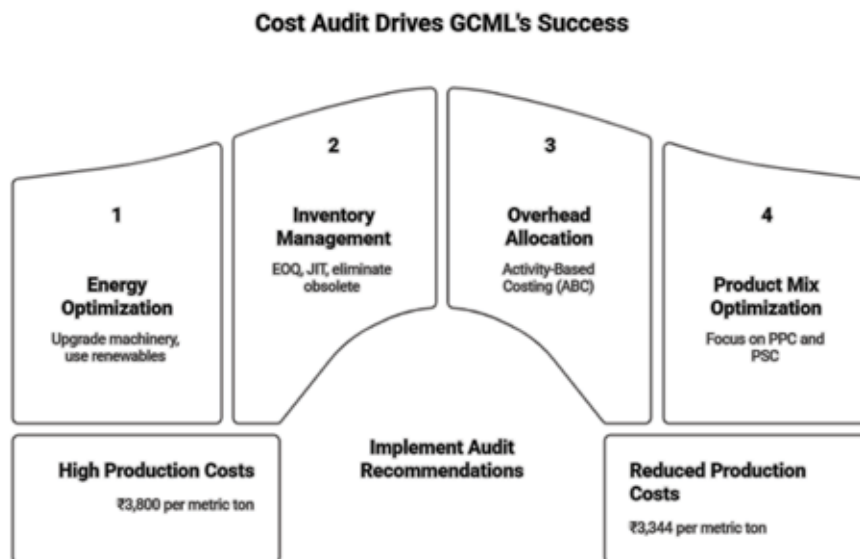


Fig-2 -Source: <https://cmaguideindia.in/case-study-cost-audit-solutions-for-greenbuild-cement-manufacturing-unit/>

Cost Audit, Sustainable Growth, and Competitive Performance

A cost audit contributes significantly to sustainable growth and competitive performance by strengthening an organization's financial and operational foundations. One of its key contributions is identifying and reducing revenue leaks arising from delayed billing, unbilled services, or poorly structured incentive schemes, thereby improving revenue realization and profitability. Cost audit also enhances asset utilisation by highlighting idle capacity, under-utilised resources, and operational inefficiencies, enabling firms to optimise resource deployment and improve return on assets (Deloitte, 2023). Significantly, validated cost intelligence improves a firm's ability to respond quickly to cost fluctuations, demand shocks, and supply chain disruptions, thereby supporting strategic agility and resilience. Firms that embed cost audit into their strategic and operational routines develop a sustained reputation for reliability, efficiency, and transparency, which translates into long-term competitive advantage in volatile and highly competitive environments.



Fig. -3 -Source: Author Contribution

Other tools that can help entities with strategic planning and pricing decisions can complement the Cost audit or be used on a standalone basis.



Fig. -4 -Source: Author Contribution

Conclusion

This paper positions cost audit as a strategic tool that enhances decision-making, pricing accuracy, and organisational resilience in uncertain environments. Beyond compliance, cost audit strengthens governance, improves cost intelligence, and supports strategic planning and dynamic capability development. Through a more rigorous examination of its strategic potential, cost audit can be better understood as an essential component of modern management systems that support long-term value creation. **MA**

References

1. Anthony, R. N., & Govindarajan, V. (2007). *Management control systems* (12th ed.). McGraw-Hill.
2. Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
3. Blocher, E., Stout, D., Juras, P., & Cokins, G. (2020). *Cost management: A strategic emphasis* (8th ed.). McGraw-Hill.
4. Deloitte. (2023). *Operational efficiency and cost transformation survey report*. Deloitte Insights.
5. Donaldson, L. (2001). *The contingency theory of organizations*. Sage.
6. Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57–74.
7. FasterCapital. (2024). *Cost audit processes and procedures: A practical guide*. FasterCapital Publishing.
8. Gupta, M., & Gunasekaran, A. (2021). Cost management in dynamic environments: A systematic review. *International Journal of Accounting & Information Management*, 29(2), 198–220.
9. Hinterhuber, A., & Liozu, S. M. (2019). The micro-foundations of pricing: Theory and evidence. *Industrial Marketing Management*, 83, 240–253.
10. Hoque, Z. (2018). 20 years of studies on the balanced scorecard: Trends, accomplishments, gaps and opportunities for future research. *The British Accounting Review*, 50(4), 448–474.
11. ICAI. (2014). *Cost and management accounting: A historical perspective*. Institute of Cost Accountants of India.
12. ICAI. (2021). *Cost audit and cost records: Regulatory and governance implications*. Institute of Cost Accountants of India.
13. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
14. Kaplan, R. S., & Anderson, S. R. (2004). Time-driven activity-based costing. *Harvard Business Review*, 82(11), 131–138.
15. KPMG. (2022). *Cost transparency and resilience*.

Global CFO survey. KPMG International.

16. Luzenta. (2024). *Cost audit and financial transparency: Practitioner guide*. Luzenta Publications.
17. Nair, P., & Das, S. (2023). *Cost audit and regulatory efficiency: Evidence from India*. *Asia-Pacific Management Accounting Journal*, 18(2), 45–62.
18. Narayanan, V. G., & Sarkar, A. (2022). *Accuracy benefits of activity-based costing systems: A meta-analytic review*. *Accounting Review*, 97(4), 203–229
19. Peteraf, M. A., & Barney, J. B. (2003). *Unraveling the resource-based tangle*. *Managerial and Decision Economics*, 24(4), 309–323.
20. Porter, M. E. (1985). *Competitive advantage: Creating and sustaining superior performance*. Free Press.
21. PwC. (2022). *Cost of quality: Global benchmarking report*. PricewaterhouseCoopers.
22. Taxmann. (2023). *Guide to cost accounting records and cost audit*. Taxmann Publications.
23. Teece, D. J. (2007). *Explicating dynamic capabilities: The nature and microfoundations of sustainable enterprise performance*. *Strategic Management Journal*, 28(13), 1319–1350.
24. Teece, D. J. (2018). *Business models and dynamic capabilities*. *Long Range Planning*, 51(1), 40–49.
25. Teece, D. J., Pisano, G., & Shuen, A. (1997). *Dynamic capabilities and strategic management*. *Strategic Management Journal*, 18(7), 509–533.
26. Wang, H., Barney, J. B., & Reuer, J. J. (2021). *Strategic factor markets and resource-based theory*. *Academy of Management Review*, 46(1), 132–155.

e-library

for members & students



✓

✓

✓

J-Gate is the most comprehensive database & gateway to access research information from over **60 Million journal articles** with access to **14 Million Full Text** articles updated daily covering multiple subject domains like Engineering and Technology, Social and Management Sciences, Arts and Humanities.

- * All journals are indexed cover to cover with each article having links to full text.
- * Most articles carry author email addresses for the researchers to connect with them.
- * Customized platform for configuring library subscribed journal and user favorite journals.
- * Unified platform to discover all subscribed journals through a single interface.

Under J-Gate Social Sciences and Humanities Total Indexed Journals - 12,074, Full-Text Journals - 5,329.

Key Benefits to Members & Students of e-library

- Ⓞ Save and Retrieve Search History
- Ⓞ Receive Email alerts and/or RSS Feeds on your favorite topic.
- Ⓞ Table of Content alerts
- Ⓞ Subject alerts
- Ⓞ Create My Favorites
- Ⓞ Save your Favorite items
- Ⓞ Share your Favorite items with your peers
- Ⓞ View the items shared with you

Members & Student of the Institute are requested to kindly reach us at journal.hod@icmai.in for any problem related to e-library or J-Gate. You can also write to us in case if you need any training on J-Gate.



ICMAI
THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
भारतीय लागत लेखाकार संस्थान
Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)
www.icmai.in

Headquarters
CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003
Tel: 011-24622156

Kolkata Office
CMA Bhawan, 12, Sudder Street, Kolkata - 700016
Tel: 033-40364743/40364735

Editorial Office
CMA Bhawan, 4th Floor, 84, Harish Mukherjee Road, Kolkata - 700 025

Behind every successful business decision, there is always a **CMA**

WHY ICMAI SHOULD TEACH ERP: A STRATEGIC IMPERATIVE FOR THE NEXT-GEN COST AND MANAGEMENT ACCOUNTANT

Abstract

Enterprise Resource Planning (ERP) systems—such as SAP S/4HANA, Oracle Fusion, and Microsoft Dynamics 365—are the integrated digital core of modern organizations. They unify critical functions like finance, costing, manufacturing, and supply chain, enabling real-time decision-making, efficiency, and robust governance.

For the Institute of Cost Accountants of India (ICMAI), the integration of dedicated ERP education is a **strategic imperative**. This reform will ensure the Cost and Management Accountant (CMA) is positioned as an indispensable partner in digital transformation, bridging the gap between theoretical knowledge and digital execution.

The urgency is driven by explosive market growth: the global ERP software market, valued at approximately **\$72.6 billion in 2025**, is projected to reach **over \$225 billion by 2035** (CAGR ~12%), driving a critical talent shortfall. By teaching ERP, ICMAI will:

- ☉ **Sharpen Core Capabilities:** Enable CMAs to execute finance, costing, tax, and performance management within live, integrated enterprise contexts.
- ☉ **Boost Employability:** Align CMA competencies with the high demand for professionals who can configure and manage Tier-1 ERP systems (like SAP, Oracle, and Microsoft Dynamics 365).
- ☉ **Ensure Governance:** Position CMAs as the architects of financial control, data integrity, and compliance within the digital backbone of the business.



CMA Ramesh Kumar Ganti

Microsoft Dynamics 365 Finance Functional Consultant
Secunderabad

Kumarcma77@gmail.com

The Evolving Role of the CMA in the ERP Landscape

The CMA's core competencies—financial accounting, cost management, tax compliance, and performance analysis—are now inextricably linked to, and performed within, ERP systems. The modern accountant must master the digital execution layer, moving from simply reporting numbers to **designing and controlling the systems that produce them**.

ERP's Impact on Core CMA Functions:

CMA Function	ERP Enablement
Financial Integrity	Centralizes all financial data (single source of truth), automating journal entries and reconciliations, and facilitating multi-entity consolidation.
Advanced Costing	Captures granular cost drivers (materials, labor, overheads) via Cost Centers, Internal Orders, and Work Breakdown Structures (WBS). It is the essential platform for implementing and tracking Standard, Marginal, and Activity-Based Costing (ABC) at scale.

CMA Function	ERP Enablement
Performance Management	Provides real-time dashboards and Key Performance Indicators (KPIs) through embedded Business Intelligence (BI) tools, shifting the focus from historical reporting to continuous, forward-looking strategic steering.
Governance & Control	Enforces stringent process controls, audit trails, and Segregation of Duties (SoD) by design, significantly mitigating risk and ensuring compliance.

This digital shift transforms the CMA from a technical accounting specialist into a **Business Partner and Systems Architect**, proficient in translating strategic goals into effective ERP configurations and workflows.

The Strategic Imperative: Market Growth and Talent Scarcity

The current trajectory of digital transformation makes ERP proficiency a non-negotiable requirement for next-generation finance leaders. Market data confirms a massive, sustained expansion in the ERP sector, creating a severe talent crunch.

Overall ERP Market Growth

The global Enterprise Resource Planning market is in a period of aggressive, cloud-driven expansion. The total market size is expected to more than triple over the next decade.

- ⊙ **Market Size and Growth:** The total ERP market is projected to grow with an average CAGR of **11.2% to 12%** through 2035. The Cloud ERP segment, which dominates new deployments, is growing even faster, with a CAGR of **14.5%** through 2029.
- ⊙ **Services Demand:** The market for ERP System Integration and Consulting, the primary employment sector for trained CMAs, is expanding at a similar pace, with CAGR estimates around **10.6% to 13.9%** through 2030.
- ⊙ **Talent Crisis:** This expansion has led to a

major skills gap. Industry estimates indicate a shortfall of **tens of thousands of certified consultants** across major platforms like SAP alone, creating a high-demand, high-remuneration market for professionals who possess both finance expertise and system knowledge.

The Microsoft Dynamics 365 Ecosystem

The case is equally strong for the Microsoft ecosystem, which is highly relevant to Indian enterprises and MSMEs leveraging the Microsoft stack:

- ⊙ The total Microsoft Dynamics market is projected to reach **\$42.2 billion by 2035**, maintaining a robust CAGR of **11.9%**.
- ⊙ The associated consulting services market is forecast to grow from \$12.0 billion in 2025 to **\$22.0 billion by 2030** (CAGR 12.88%).

By providing ERP skills, ICAI directly addresses this acute market shortage, positioning its graduates as “**day-one ready**” consultants, project managers, and finance leaders capable of leading digital transformation projects.

A Model ERP Curriculum for ICAI

To effectively prepare CMAs, the curriculum must seamlessly integrate conceptual knowledge, compliance, and practical system application.

A. Foundational Concepts

- ⊙ **ERP Architecture:** Core modules, master data concepts, the role of transactional data, and the distinction between on-premises, hybrid, and cloud deployments.
- ⊙ **Integrated Business Processes:** Detailed mapping of end-to-end cycles, particularly **Record-to-Report (R2R)**, **Procure-to-Pay (P2P)**, and **Plan-to-Produce (P2P)**.
- ⊙ **Digital Governance:** Emphasis on internal controls, audit trails, system security, and the design and implementation of Segregation of Duties (SoD) policies within an ERP framework.

B. Specialized Finance & Controlling Tracks

These modules must focus on the practical application of CMA principles within the system:

- **Costing and Profitability (COPA):** Hands-on configuration of cost center accounting, internal order management, Bill of Materials (BOM) costing, and complex variance analysis.
- **Financial Closing and Compliance:** Utilizing the ERP closing cockpit, managing multi-currency and multi-entity consolidation, and automating complex financial entries.
- **Budgeting and Planning:** Implementing integrated planning cycles, driver-based planning, and scenario modeling using dedicated ERP planning tools (e.g., SAP BPC, Oracle EPM).
- **Business Intelligence (BI):** Training on extracting, analyzing, and visualizing data using native ERP tools and integrated platforms like Power BI, moving from data aggregation to predictive insights.

Role Transformation:
ERP fluency elevated
CMAs from compliance
experts to indispensable
Business Partners and
System Architects of the
digital core

taught how ERP systems manage HSN/SAC codes, automate tax determination logic, and integrate directly with the GSTN for e-invoicing and e-way bill generation. This process integration is crucial for avoiding penalties and ensuring transactional accuracy.

◎ **Ind AS and Multi-Entity Consolidation:** For large Indian firms, the application of Indian Accounting Standards

(Ind AS) and complex consolidation rules across multiple domestic and international entities is managed entirely within the ERP, making system knowledge essential for compliance reporting.

- ◎ **MSME Digitalization:** The proliferation of cloud ERP solutions offers Indian MSMEs a pathway to formalize operations. CMAs must be equipped to advise these businesses on implementing scaled, cost-effective ERP solutions (like D365 Business Central or Odoo), balancing simplicity with control.

C. Platform Practicums

The curriculum must include mandatory, hands-on exposure to major Tier-1 ERP environments to build real-world proficiency:

- ◎ **SAP S/4HANA:** Focus on FI/CO modules, logistics integration points, and the closing process.
- ◎ **Microsoft Dynamics 365 (F&O/Business Central):** Practical labs covering general financials, advanced costing, and integration with the Microsoft Power Platform.
- ◎ **Oracle Cloud ERP:** Overview of the General Ledger, Fixed Assets, Accounts Payable/Receivable, and reporting tools.

4) Special Relevance to the Indian Context

India's dynamic regulatory landscape necessitates ERP literacy for effective compliance and risk mitigation.

- ◎ **GST and E-Invoicing:** CMAs must be

Conclusion

For the Institute of Cost Accountants of India, teaching ERP is the highest-impact strategy for securing the profession's relevance and success in the digital economy. ERP fluency elevates the CMA from a compliance-focused role to an **Enterprise Transformation Leader**.

This curriculum reform, focused on practical system knowledge alongside theoretical mastery, positions ICMAI graduates to meet the immense demand created by the \$225+ billion ERP market and the corresponding global talent shortfall. By producing professionals who can architect, implement, and control the digital systems that run modern businesses, ICMAI will ensure its members are not just tracking value, but actively driving its creation, thereby remaining at the heart of India's commercial growth story. MA

References

1. Google search on internet.

COST AUDIT AS A TOOL FOR STRATEGIC PLANNING AND PRICING DECISIONS

Abstract

Cost audit is no longer limited to statutory compliance; it has evolved into a strategic instrument that supports management in making informed and effective business decisions. By providing deep insights into cost structures, efficiency levels, and value creation, cost audit serves as a foundation for both strategic planning and pricing policies. This article explores how cost audit functions as a bridge between operational data and managerial decision-making. It discusses its role in analyzing cost behavior, identifying inefficiencies, aligning pricing strategies with market realities, and improving competitiveness. The paper also highlights how organizations can integrate cost audit findings into long-term business planning, resource allocation, and performance evaluation. With practical examples and sectoral relevance, this article emphasizes that cost audit is not just a compliance tool but a strategic asset that drives transparency, sustainability, and profitability in today's dynamic business environment.

Introduction

In today's competitive world, every organization—whether in manufacturing, services, or infrastructure—must continuously evaluate its cost efficiency and strategic direction. Cost audit plays a pivotal role in this process. Traditionally viewed as a compliance requirement under the Companies Act, cost audit has gradually evolved into a strategic management tool.

When implemented effectively, cost audit helps management understand where and how costs are incurred, why certain inefficiencies exist, and what decisions can be made to improve profitability. It supports strategic planning by converting cost data



CMA Karan Singh Nagpal

Financial Analyst

Wipro

Jaipur

karanema7@gmail.com

into actionable business intelligence and helps design rational, competitive, and sustainable pricing strategies.

Understanding Cost Audit Beyond Compliance

A cost audit verifies the accuracy of cost records and ensures that cost accounting systems reflect the true cost of production or operations. But beyond verification, it provides insight—the kind that guides managerial thinking.

Modern cost audit reports go far beyond statutory forms. They help management identify trends in material usage, labor productivity, overhead absorption, and capacity utilization. The findings often highlight areas for process improvement, cost control, and strategic reallocation of resources. Hence, cost audit is not an end in itself—it is a means to strategic ends like better decision-making, optimized pricing, and competitive positioning.

Role of Cost Audit in Strategic Planning

Strategic planning involves setting long-term goals, allocating resources, and defining the direction of the organization. For any strategy to succeed, it must be built on reliable and timely information—and cost audit provides exactly that

Identifying Cost Drivers and Key Performance Areas

Through cost audit, management gains clarity on what drives cost—be it raw materials, energy, logistics, or manpower

- ⊙ **Benchmarking and Performance Evaluation**
Cost audit enables benchmarking against industry norms or previous performance periods.
- ⊙ **Supporting Long-Term Investment and Capacity Decisions**
Cost audit findings reveal trends in profitability and capacity utilization.
- ⊙ **Risk Identification**
Cost audit uncovers inefficiencies or unviable product lines that may threaten sustainability.

Cost Audit as a Foundation for Pricing Decisions

Pricing decisions are among the most crucial aspects of business strategy. Setting the right price affects market competitiveness, profitability, and customer perception. Cost audit data ensures that pricing decisions are based on facts rather than assumptions.

- ⊙ **Accurate Cost Determination**
Cost audit ensures that product costs are computed correctly—considering both direct and indirect elements.
- ⊙ **Margin Analysis**
Cost audit reports provide detailed insight into product-wise profitability and contribution margins.
- ⊙ **Strategic Pricing Models**
Cost audit data provides credible support for cost-plus pricing, target costing, or value-based pricing models.
- ⊙ **Supporting Competitive Bidding and Contract Negotiation**
Cost audit findings offer evidence-based cost data for competitive bids.

Integration of Cost Audit Insights into Management Strategy

A well-conducted cost audit should not merely result in a report but should translate into a management action plan. Integrating audit findings into strategy involves:

- ⊙ **Conducting management review meetings on audit observations.**
- ⊙ **Linking cost variances with performance metrics.**
- ⊙ **Developing cost reduction or value engineering programs.**
- ⊙ **Using data analytics tools to visualize cost trends and support future forecasts.**

Real-Life Applications and Examples

- ⊙ **Manufacturing Sector**
A manufacturing company producing electrical components found high wastage due to outdated machinery. Based on cost audit findings, management replaced equipment, reducing material cost by 8%.
- ⊙ **Service Sector**
A logistics company used cost audit to redesign route strategies and pricing structures, improving profitability per trip.
- ⊙ **Public Sector Enterprises**
PSUs use cost audit reports for tariff fixation, performance evaluation, and policy formulation.

Benefits of Using Cost Audit for Strategic Planning and Pricing

Cost audit benefits include identifying wastage, enabling evidence-based pricing, assisting in investment planning, providing policy inputs, and fostering transparency and competitiveness.

Challenges in Utilizing Cost Audit for Strategic Decision-Making

Challenges include limited awareness of cost audit's potential, lack of integration with financial systems, inadequate interpretation skills, and delays in implementing audit recommendations.

The Way Forward

To make cost audit a strategic partner, organizations should digitize cost records, integrate audit data with ERP systems, and train management teams to interpret audit results effectively.

Conclusion

Cost audit stands at the intersection of compliance and strategy. Its real value lies in generating insights that guide action. Integrating cost audit into strategic planning and pricing ensures efficiency, transparency, and sustainable profitability. **MA**

References

1. Institute of Cost Accountants of India (ICMAI). *Cost & Management Accounting – Intermediate Group I*.
2. Institute of Cost Accountants of India (ICMAI). *Cost Accounting Techniques & Cost Audit – Final Group III*.
3. Jawahar Lal. *Advanced Management Accounting*. McGraw Hill.
4. Institute of Cost Accountants of India (ICMAI). *Guidance Note on Cost Audit*, 2023.

FRAUD DETECTION THROUGH COSTING INTELLIGENCE (CI)

A special Focus on: The Cost Auditor's mandated role in Reporting Frauds under the Companies Act, 2013

Abstract

Cost and management accounting today plays a far more strategic role than merely allocating costs or presenting SKU-wise profitability. With globalisation, automation and sophisticated ERPs, costing has become a core governance function and therefore a critical site for detecting operational, managerial, and financial fraud. Advanced costing methodologies, and emerging analytical tools & artificial Intelligence (AI) helps to demonstrate how CMAs can detect anomalies, misstatements, and manipulations hidden within cost records, machine-hour data, overhead allocations, and cost-driver bases. The article offers a structured fraud-detection framework and highlights the evolving role of cost consultants in safeguarding organisational integrity.

Background

The Companies Act 2013 mandates stringent standards for transparency and accountability, relying heavily on the statutory appointments of various auditors. Among these, the **Cost Auditor** holds a unique and increasingly critical position. While historically focused on ensuring the accuracy of **cost records** and the proper determination of **product costs**, the Cost Auditor's mandate has been profoundly expanded, particularly concerning the detection and reporting of corporate fraud.

The core of this expanded accountability lies in **Section 143(12) of the CA, 2013**. This non-negotiable provision casts an obligation upon all statutory auditors, including the Cost Auditor and the Secretarial Auditor, to report specific instances



CMA Pradnya Y. Chandorkar

Practising Cost Accountant

Nashik

chandorkar.pradnya@gmail.com



CMA A Sekar

Corporate Law Consultant

Mumbai

a.sekar.cs@gmail.com

of fraud. This analysis will delve deep into the statutory framework and explore the complex ethical and professional challenges facing the Cost Auditor in executing this vital function of corporate oversight.

The cost data originates directly from **operational systems**—such as machine logs, production and labour records—it is intrinsically susceptible to manipulation. This vulnerability is often exploited to conceal operational inefficiencies, or, more egregiously, to perpetrate financial fraud. The Cost Auditor, therefore, operates as an essential **intelligence partner**, utilizing their specialized knowledge to identify “where fraud could hide” within the company's cost structures, from inflated overheads to fictitious consumption entries.

Objectives

1. To analyse the statutory basis for Cost Auditor-led fraud detection under CA 2013.
2. To examine cost-related fraud typologies uniquely visible through cost records and operational data.
3. To develop a conceptual framework of Costing Intelligence (CI) as a fraud-detection mechanism.
4. To propose enhancements to strengthen India's audit and fraud-reporting ecosystem.

Methodology

- ⊙ **Statutory Analysis:** Examination of Companies Act 2013, Section 148, Section 143(12), Rule 13 of Companies (Audit and Auditors) Rules, 2014 and relevant guidance.
- ⊙ **Case-Based Reasoning:** Use of anonymised industry examples and publicly known fraud patterns to illustrate cost-linked manipulation.
- ⊙ **Systems Analysis:** Review of how ERP architectures (SAP, Oracle, D365) create new fraud-detection opportunities.

I. Statutory Foundation: The Cost Auditor's Legal Basis for Fraud Reporting

The duty imposed on the Cost Auditor is not a professional recommendation but a firm statutory requirement, rooted in the foundational laws of corporate governance.

A. Legal Status and Scope of Cost Audit

Section 148 of the (CA), 2013 is the genesis of the Cost Auditor's appointment, mandating the maintenance of specific cost records and the subsequent conduct of a **Cost Audit** for prescribed companies. The primary purposes of this audit are threefold:

1. To ensure the **reasonable accuracy** of cost determination.
2. To verify the company's **efficiency** in resource utilization.
3. To confirm **compliance** with notified **Cost Accounting Standards (CAS)**.

Crucially, the Act designates the Cost Auditor as an 'auditor' under the general provisions, thereby subjecting them to the same overarching duties,

responsibilities, and liabilities as the Statutory Financial Auditor, specifically under the fraud reporting mechanism.



B. The Mandate under Section 143(12)

Section 143(12) sets the basis for the fraud reporting duty:

*“if an auditor of a company, in the course of the performance of his duties as auditor, has **reason to believe** that an offence of fraud involving such amount as may be prescribed, is being or has been committed against the company by officers or employees of the company, he shall report the matter to the Central Government.”*

The inclusion of the Cost Auditor within the ambit of the term 'auditor' ensures that operational and cost-related frauds, which might otherwise be missed by a purely financial audit focus, are captured. The specifics of the reporting procedure are detailed in the associated regulations, namely the **Companies (Audit and Auditors) Rules, 2014**.

II. Mechanics of Fraud Reporting: Adherence to Rule 13

A. Two Distinct Thresholds for Reporting

Rule 13 establishes two clear monetary thresholds that determine the recipient of the report (Internal vs. Central Government).

1. Fraud Involving ₹1 Crore or Above: Mandatory Reporting to the Central Government (MCA)

When the Cost Auditor forms a **reason to believe** that a fraud involving **₹1 crore or more** has been committed against the company by its officers or employees, the following strict protocol must be followed:

- ⊙ **Immediate Intimation:** The fraud must be reported to the **Audit Committee (AC) or the Board of Directors** within **two days**

of the Cost Auditor's knowledge of the incident. This initial intimation provides the management with the first opportunity to act.

- ⊙ **45-Day Response Window:** The Board or AC is granted a period of **45 days** from the date of intimation to conduct its own review and furnish a reply to the auditor, detailing its observations and the corrective action taken or proposed.
- ⊙ **Submission to Central Government (MCA):** The Cost Auditor must file the report in **Form ADT-4** with the Ministry of Corporate Affairs (MCA) within **fifteen days** of receiving the Board/AC's response.
- ⊙ **Reporting Without Response:** Crucially, if the Board/AC fails to provide a response within the 45-day window, the auditor must still file Form ADT-4 with the MCA, explicitly stating that "no response was received from the Board/Audit Committee." This mechanism ensures that the duty to inform the government is not circumvented by managerial inaction.

2. Fraud Below ₹1 Crore: Internal Reporting Only

If the detected fraud involves an amount **less than ₹1 crore**, the reporting remains internal but mandatory:

- ⊙ **Internal Report to Board/AC:** The auditor reports the fraud to the Audit Committee or Board **immediately** (though the rigid 2-day timeline is not explicitly prescribed, reporting without delay is expected).
- ⊙ **Disclosure in Audit Report:** The Cost Auditor must clearly disclose the details of the reported fraud in the **Cost Audit Report (CAR)** itself.
- ⊙ **Board's Report Disclosure:** The Board of Directors is then obligated to disclose these details, including the nature of the fraud and the remedial steps, in the Board's Report, as part of the "Statement on Fraud Reported by Auditors Under Section 143(12)."

B. Defining the 'Amount Involved'

Rule 13 provides clarity that the monetary value of the fraud is generally to be considered on a

per-incident basis. Multiple smaller fraudulent events are not to be aggregated to meet the threshold unless they are demonstrably part of one connected, overarching scheme or systematic fraud.

III. The Cost Auditor's Unique Focus: Cost-Related Fraud Examples



The Cost Auditor's focus on operational and resource consumption data provides a distinct and often superior vantage point for detecting frauds that are specifically masked within product costing structures. The definition of '**fraud**' under the CA, 2013 (Section 447) is broad, encompassing any act, omission, concealment, or abuse of position committed with the intent to deceive, gain undue advantage, or injure the company's interests.

Detailed Categories of Cost-Related Fraud

1. Material Consumption Manipulation

These frauds directly target the largest component of product cost—raw materials.



- ⊙ **Fictitious Issue/Diversion:** The common scheme is recording the issue of materials to the production process when, in reality, the materials are diverted for personal use, theft, or illicit sale. This artificially inflates the COGS and concurrently reduces the reported

value of the valuable **closing inventory** (an instance of Asset Misappropriation).

- ⊙ **Inflating Scrap/Waste:** Deliberately overstating the quantum of normal or abnormal scrap or spoilage allows unaccounted-for material to be siphoned off. The inflated scrap cost is then absorbed into the product's cost, distorting the company's true operational efficiency metrics.
- ⊙ **Under-Recording Material Receipts:** Payments are made for the full quantity of material, but only a lesser amount is recorded in the books. The surplus is pilfered, and the records are later concealed by adjusting the average purchase price or consumption norms.

2. Labour Cost Fraud Schemes

Labour-related frauds primarily exploit payroll and productivity records.

Labour Cost Fraud Schemes



- ⊙ **'Ghost' Workers and Payroll Fraud:** Including non-existent or already terminated employees on the payroll, with the corresponding salaries diverted. Detection involves reconciling labour hours charged to cost centres with biometric/attendance records and physical verification.
- ⊙ **Fictitious Overtime:** Collusion with production supervisors to falsify overtime hours, charging the inflated cost to production.
- ⊙ **Misclassification of Labour:** Intentionally charging direct labour (traceable to products) as indirect labour or administrative overhead (harder to trace). This is often

done to manipulate final product cost data, particularly for internal **transfer pricing** or where regulatory pricing applies.

4. Overhead Absorption and Allocation Fraud

This involves the systematic manipulation of how common costs are distributed across products, departments, or divisions.

Analyzing Overhead Absorption and Allocation Fraud



- ⊙ **Biased Cost Allocation:** Deliberately using non-standard or inappropriate bases (e.g., floor area instead of machine hours) to allocate overheads (maintenance, utilities) to a specific product or division.
- ⊙ **Motive: Deflating Cost:** Allocating a low share of overheads to a product with a regulated price or one facing intense competitive bidding.
- ⊙ **Motive: Inflating Cost:** Allocating a high share of overheads to a product sold to a related party at an inflated **transfer price** (a major area of fraud in multinational companies).
- ⊙ **Capitalisation of Revenue Expenses:** The highly sensitive practice of classifying routine, period-based overheads (e.g., routine repairs) as additions to **Capital Work-in-Progress (CWIP)** or fixed assets. This immediately boosts current year profit and understates the actual cost of production.

5. Inventory Valuation Manipulation

The final valuation of **Work-in-Progress (WIP)** and finished goods directly impacts the COGS and the Balance Sheet.

Inventory Valuation Manipulation Strategies



- ⊙ **Understating/Overstating WIP Stage:** Falsifying the percentage of completion of WIP. Since WIP is an asset, this manipulation can be used to either understate profit (for tax evasion) or overstate it (to meet external earning targets).
- ⊙ **Exclusion of Manufacturing Overheads:** Omitting significant manufacturing overheads from the cost of finished goods inventory. This leads to an understated inventory asset value and a lower COGS, which temporarily inflates current profit.
- ⊙ **Fictitious Inventory:** Creating records for inventory that does not exist to inflate the value of assets, which should be exposed during the Cost Auditor's verification of stock records and reconciliation with physical stock.

IV. Professional and Ethical Imperatives

The statutory duty to report fraud places the Cost Auditor in a precarious position, necessitating a high degree of **professional fortitude** and ethical clarity.

A. The Conflict of Interest and Due Diligence

The Cost Auditor faces the inherent **conflict of interest** of reporting against the same management team that is responsible for providing the data and recommending their appointment. This can lead to intense pressure to suppress findings or reclassify them as mere 'misstatements' rather than fraud. The auditor must navigate this by adhering strictly to the principle of **professional skepticism**—maintaining

a questioning mind and critically evaluating cost evidence, especially in high-risk areas.

B. Establishing 'Reason to Believe'

The term "**reason to believe**" is a legal threshold higher than mere 'reason to suspect' or 'negligence'. It requires the Cost Auditor to have gathered **sufficient and appropriate evidence**—often documentary proof, corroborated records, or systematic anomalies that cannot be explained away as errors—before triggering the statutory reporting requirement to the Central Government. The ambiguity here highlights the need for rigorous adherence to the professional guidance notes issued by the Institute of Cost Accountants of India (ICMAI).

C. Accountability and Penal Consequences

The seriousness of the duty is reinforced by the penal provisions under the CA, 2013:

Sections 143(15) and 143(16) outline the severe penal consequences, including **fines** and potential **imprisonment**, for any Cost Auditor who is found to have **knowingly or willfully** failed to report a fraud. This liability serves as a powerful deterrent against collusion or suppression of critical findings. The need for robust **whistleblower protection** for the auditor remains critical.

V. Conclusion and Recommendations for Strengthening the Framework

The CA 2013, has successfully transformed the Cost Auditor into a proactive **watchdog of corporate integrity**. Their specialized expertise in dissecting operational and cost data provides a necessary complementary perspective to the financial auditor, especially in detecting fraud masked by internal cost manipulations.

For this framework to achieve its full effectiveness, several enhancements are necessary:

1. Mandatory Joint Audit Collaboration:

Implement a statutory requirement for quarterly or half-yearly joint meetings between the Financial Auditor, Cost Auditor and Secretarial Auditors. This formalized cross-auditor fraud risk assessment and sharing of preliminary red flags—particularly

in overlapping high-risk areas

2. **Graded Materiality Threshold:** Moving away from the fixed ₹1 Crore threshold to a **graded or risk-based monetary threshold** (e.g., a percentage of the company's turnover or net worth) would ensure that regulatory attention is focused on frauds that are truly material to the specific company's scale.
3. **Expanded Scope to Include Third-Party Collusion:** The law should explicitly expand the scope of Section 143(12) to include frauds where officers or employees collude with third parties, as this covers pervasive schemes like vendor kickbacks and fictitious sales.
4. **Enhanced Accountability of Audit Committee (AC):** Mandate that the AC provide a detailed, formal explanation in the Board's Report for any case where it disagrees with the auditor's classification of a matter as 'fraud,' particularly for those reported below the Central Government threshold.

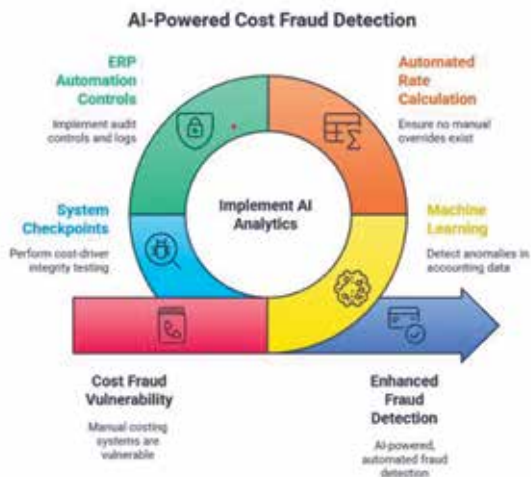
Cost Auditor Fraud Reporting Use Cases under Section 143(12)

All listed cases involve fraud exceeding the **₹1 Crore** threshold, making reporting to the **Central Government (MCA)** mandatory via **Form ADT-4**, following internal reporting to the Audit Committee/Board.

Use Case	Scenario	Fraud Detected	Statutory Trigger
Inflated Material Consumption	High scrap percentage and wastage reported, with large variance between actual and standard consumption , but no corresponding increase in defective output	Stores and production staff colluded to show excessive consumption and physically pilfer and sell raw materials	Intentional falsification of inventory records constitutes fraud under Section 447 of CA, 2013
Bogus Labour Hours and "Ghost" Workers	Labour hours in cost sheets > biometric attendance. Overtime hours unusually high. Several workers untraceable during plant visit.	HR and line supervisors created "ghost employees" and fictitious overtime using fake signatures on muster rolls to siphon funds.	Fraud against the company involving willful misstatement and diversion of funds by employees
Undervaluation of Work-in-Progress (WIP)	Stage of completion understated , and labour hours/consumption artificially recorded lower than actual in WIP calculation.	Plant head intentionally undervalued WIP to reduce reported profit (for lower performance-linked bonuses)	Falsification of asset valuation
Energy Sector Grade Manipulation Case (2023–24)	Unit cost of fuel did not correspond with grade specifications.	Lower-grade coal sold as higher-grade to a state utility, enabling inflated billing and misrepresentation of fuel costs.	A CMA's expertise in quality-cost correlation and cost of fuel analysis is key to early detection.

Technology, Analytics & AI in Cost Fraud Detection

As companies move to SAP, Oracle, Microsoft D365 and SQL-bridged costing systems analytics becomes central to cost fraud detection.



ERP automation reduces manual intervention; it introduces new manipulation points:

- ⊙ Logic changes in SQL queries
- ⊙ Incorrect links in Excel templates
- ⊙ Manipulation in downtime/manual adjustment fields
- ⊙ Hidden macros affecting absorber calculations

System Checkpoints

- ⊙ Cost-driver integrity testing

- ⊙ Variance correlation analysis
- ⊙ Idle-time misallocation checks
- ⊙ Overhead absorption benchmarking
- ⊙ Material-quality vs cost-variance mapping
- ⊙ Machine uptime vs cost-base analytics

Costing is not just mathematical allocation; it is a **control mechanism**. With global and Indian fraud cases demonstrating how cost data can be misused, the role of cost & management consultants has expanded from cost calculation to **cost integrity assurance professionals**.

By combining costing expertise with analytics, controls, fraud-risk thinking, and ERP understanding, consultants and CMAs can uncover misstatements long before they become scandals.

Costing intelligence (CI) is therefore not a future skill—it is a current governance necessity. MA

References

1. *Companies (Cost Records and Audit) Rules, 2014*
2. *Companies (Audit and Auditors) Rules, 2014 —Rule 13 (reporting of fraud).*

NOTES FOR AUTHORS

Referencing is a crucial aspect of writing a journal article to avoid plagiarism. ‘Plagiarism’ refers to the act of using someone else’s work or ideas without giving proper credit to the original source. To avoid plagiarism in your writing, you must properly reference all the sources that you use in your research.

- ⊙ **Choose a referencing style:** There are many different referencing styles, such as APA, MLA, Chicago, and Harvard, each with its own specific format and rules. Choose the style that is most appropriate for your field and stick to it consistently throughout your paper.
- ⊙ **Cite your sources:** Cite the sources of information you use in your text by giving the author’s name, publication date, and page number(s) for direct quotes or paraphrased material.
- ⊙ **Use a reference list:** At the end of your paper, include a reference list that lists all the sources you have used in alphabetical order. This will give your readers a complete list of the sources you consulted in your research.
- ⊙ **Be accurate:** Ensure that the information you provide in your references is accurate and complete. This includes the author’s name, publication date, title, and source of the information.
- ⊙ **Paraphrase carefully:** When paraphrasing, make sure to put the information into your own words, but still give proper credit to the original source.

By following these tips, you can effectively reference your sources in your journal article and avoid plagiarism. Remember that proper referencing is not only important for avoiding plagiarism, but it also helps to support your arguments and show the depth of your research.

COST AUDIT: ENHANCING TRANSPARENCY, EFFICIENCY AND STRATEGIC DECISION – MAKING LINKAGE OF COST AUDIT WITH GST COMPLIANCE AND INPUT TAX CREDIT VERIFICATION

Abstract

The Goods and Services Tax (GST) regime in India has redefined the indirect tax framework, emphasizing compliance, transparency, and accurate credit flow through Input Tax Credit (ITC) mechanism. Concurrently, cost audit as mandated by the Companies (Cost Records and Audit) Rules, 2014, assures the reliability and integrity of cost records. This convergence of cost audit and GST compliance creates a comprehensive framework for improving governance, verifying ITC claims, and supporting strategic financial decision-making. This article explores the linkage between cost audit and GST compliance, focusing on ITC verification, internal controls synergies, and data reconciliation mechanisms. By aligning cost audit procedures with GST documentation and ITC verification processes, organizations can reduce tax risk, strengthen compliance, and enhance cost efficiency. Recent regulatory updates have further reinforced this integration, promoting both statutory conformity and financial discipline. The article also explores the transformative potential of emerging technologies such as Artificial Intelligence and blockchain in automating ITC verification, alongside the pivotal role of professional bodies in developing standardized, technology-driven compliance frameworks.



CMA Srabani Ghosh

Faculty (Retd.)
Seth Anandram Jaipuria College
Dept of Commerce
Kolkata
srabanibuni@gmail.com

Introduction

The implementation of the Goods and Services Tax (GST) in India on 1 July 2017 represented a major reform in indirect taxation. GST consolidated multiple levies into a unified tax system, introducing the mechanism of Input Tax Credit (ITC) to avoid the cascading effect of taxes. In parallel, cost audit—administered under Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014—aims to verify cost records, ensure cost control, and promote managerial efficiency. Given that cost records capture the same transaction trail as GST documentation—covering inputs, services, and consumption—the two systems naturally intersect. Linking cost audit with GST compliance can provide deeper insights into tax governance and operational efficiency, particularly in validating ITC claims.

GST Compliance and Input Tax Credit: An Overview

1. Concept and Importance of ITC

The ITC mechanism allows registered taxpayers to offset the tax paid on inputs (goods or services) against their output tax liabilities, provided all documentation and compliance requirements are met. To claim ITC, the taxpayers must:

- ⊙ Possess a valid tax invoice or debit note.
- ⊙ Actual receipt of goods/services.
- ⊙ Ensure the supplier has filed GST returns (GSTR-1, 3B) and paid the taxes to the government.
- ⊙ Use the input for business purposes related to taxable supplies.

Correct ITC utilization improves liquidity and reduces cost accumulation, making it a critical compliance and cost-management component.

2. Key Compliance Requirements under GST

Key compliance practices include:

- ⊙ Filing GSTR-1 (Outward Supply), GSTR-3B (summary return), and annual returns (GSTR-9/9C).
- ⊙ Reconciling purchase records with suppliers' data in GSTR-2A/2B.
- ⊙ Reversing ITC for exempt/non-business purposes.
- ⊙ Retaining records for at least 72 months from the due date of the annual return.

Non-compliance leads to interest, penalty or reversal of ITC, affecting working capital and profitability.

Cost Audit: Role and Relevance

1. Definition and Scope

Cost audit refers to the verification of cost records and accounts maintained by an organization to ensure accuracy, propriety, and adherence to cost accounting principles. It is governed by the Companies (Cost Records and Audit) Rules, 2014.

2. Objectives

- ⊙ Verify cost data and cost allocation methods.
- ⊙ Ensure cost efficiency, control, and reduction

of waste.

- ⊙ Facilitate transparency for managerial decision-making.
- ⊙ Ensure regulatory compliance with cost accounting standards.

3. Relevance to GST/ITC

- ⊙ Cost audit examines purchase, consumption, and usage records—datasets also used for GST compliance.
- ⊙ Thus, the cost audit acts as a complementary check to GST verification, especially in validating ITC claims based on accurate consumption and utilization data.

4. Applicability of Cost Audit Across Industries

Cost audit is mandated under Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014. It applies to specific industries based on **turnover thresholds** and the nature of business activity.

General Threshold for Cost Audit Applicability:

- ⊙ Companies engaged in prescribed products or services must maintain cost records if:
 - ▲ Total turnover from all products/services is **₹35 crore or more** during the immediately preceding financial year.
- ⊙ Cost audit becomes **mandatory** if:
 - ▲ The company's overall turnover is **₹100 crore or more**, and
 - ▲ The turnover of individual products or services covered under cost audit rules is **₹35 crore or more**

Industries Covered Under Cost Audit Regulations:

- ⊙ **Manufacturing Industries:** Required to maintain cost records to ensure accurate input consumption and GST Input tax credit reconciliation.
- ⊙ **Electricity Generation and Distribution:** Cost audit is mandatory due to the regulated nature of their costs and extensive use of inputs subject to GST.

- ⊙ **Mining and Mineral Processing:** Companies engaged in mining coal, ores, and minerals are liable for cost audit because of the significant input cost components and GST compliance related to extracted goods.
- ⊙ **Pharmaceuticals and Chemicals:** Given the complexity of inputs, services, and compliance requirements, cost audit ensures transparency and accuracy in cost and GST ITC verification.
- ⊙ **Cement, Steel, and Heavy Engineering:** These capital-intensive sectors require cost audits to verify the cost structures for regulatory and GST reporting integrity.
- ⊙ **Telecom and Infrastructure Companies:** Firms in telecom and infrastructure development often fall under cost audit norms due to significant capital expenditure and recurring input supplies.
- ⊙ **Automotive and Transport:** Vehicle manufacturers and transport companies are subject to cost audits to ascertain cost management and reliable ITC claims.
- ⊙ **Textiles and Apparel:** Textile mills and garment manufacturing units are included due to raw material usage needing reconciliation with GST ITC.

Integrating cost audit with GST compliance ensures accurate ITC verification, reduces tax disputes, and enhances financial governance through stronger data reliability and transparent cost controls

5. Recent Developments in ITC Governance (Budget 2025–26 Perspective)

The Union Budget 2025–26 strengthens ITC verification by integrating e-invoicing systems and automating reconciliation through GSTR-2B. Businesses adhering to cost audit norms will benefit from smoother ITC processing. Automation reduces mismatches, enables real-time verification, and incentivizes transparent record-keeping. These reforms underline the government's intention to

link statutory audit systems with tax compliance reporting.

6. Role of Cost Auditors in Strengthening GST Compliance

Cost auditors are pivotal in ensuring that the organization's cost structures and tax claims align accurately. Their professional responsibility under Section 148 includes assessing supplier compliance, validating input claims, and identifying errors or duplication in ITC records. By collaborating with tax teams, cost auditors enhance the quality of internal controls

and facilitate effective tax governance. ICAI can play a significant role in developing standard reporting formats and checklists to align cost audit practices with GST compliance verification. Such efforts could lead to regulatory recognition of cost audit reports as supporting documentation for ITC verification and departmental assessments. (1)

7. Role of Cost Audit During GST Audits and Legal Proceedings

In cases of departmental audits or show-cause notices by GST authorities, the **Cost Audit Report (CRA-4)** serves as vital documentary evidence. It supports businesses through:

- ⊙ **Evidence Through Reconciliation** - The comprehensive reconciliation of turnover, output, and input costs documented in the cost audit provides concrete proof to tax authorities, validating the accuracy of GST returns submitted.
- ⊙ **Legal Credibility in Proceedings** - Being a formal and statutory document, the cost audit report holds admissibility in judicial and quasi-judicial forums, thereby reinforcing a company's position in tax litigation
- ⊙ **Effective Resolution of Valuation Issues** - Cost audit findings serve as an authoritative reference for the correct valuation of goods and services, helping companies effectively

counter challenges related to under- or over-valuation in GST assessments.

Linkage of Cost Audit with GST Compliance and ITC Verification

1. Common Data Framework

The cost audit process and GST compliance share a common data foundation, enabling seamless verification and reconciliation. The following table highlights the alignment between cost audit records and corresponding GST data sources:

Cost Audit Data	Corresponding GST Data
Raw Material Purchases	Supplier Invoices (GSTR-2A/2B)
Services Consumed	Input Service ITC Ledger
Production and Consumption Records	ITC Utilization against Output Supplies
Overheads/Shared Costs	ITC Apportionment for Mixed Supplies

This integrated data framework facilitates accurate matching of cost records with GST filings, ensuring transparency, consistency, and reliability in Input Tax Credit (ITC) verification.

2. Verification of ITC Eligibility

Cost audit ensures that:

- Inputs recorded in cost books are used for taxable supplies.
- Ineligible ITC (e.g., personal use, exempt supplies) is identified and reversed as per Rule 42 and 43 of the CGST Rules, 2017.
- Input services are properly linked with production and overheads, enabling apportionment accuracy.
- Capital goods ITC is claimed correctly without double counting or inclusion in depreciation.

This helps prevent over-claiming and ensures strong audit preparedness.

3. Reconciliation and Control

Cost audit procedures can reconcile:

- Cost ledger entries with ITC claimed in

GSTR-3B.

- Purchase register with GSTR-2A/2B data.
- Consumption records with production and sales turnover to verify proportional ITC claims.

Regular reconciliation minimizes mismatches between cost accounts and GST filings, thus preventing ITC reversals and disputes.

4. Internal Control and Risk Mitigation

Cost audit contributes to internal control evaluation by:

- Verifying supplier GST registration and compliance status.
- Ensuring that invoice processing workflows prevent erroneous ITC claims.
- Identifying areas of leakage (e.g., missed ITC due to unclaimed invoices).
- Providing management assurance that cost and tax data are synchronized.

5. Strategic Decision-Making

Cost audit findings, when integrated with GST/ITC data support:

- Procurement decisions (choosing compliant suppliers).
- Pricing strategies (factoring ITC benefits).
- Cash-flow planning (based on eligible ITC).
- Product costing models (accurate cost-plus tax pricing).

Illustrative Example: ITC Apportionment through Cost Records

Consider a manufacturing entity that avails a service costing ₹1,00,000 + 18% GST which is used for both taxable and exempt products. If 70% of the entity's turnover relates to taxable supplies, the eligible Input Tax Credit will be : $₹18,000 \times 70\% = ₹12,600$.

The cost audit process ensures:

- Identification of cost drivers:** Allocation of expenses to the correct cost centres or activities.
- Accurate ITC reflection:** Proper recording

in ITC apportionment registers.

- ⊙ **Regulatory compliance:** Adherence to **Rule 42 of the CGST Rules**, requiring reversal of ₹5,400 as ineligible ITC.

Such reconciliation not only prevents excess ITC claims but also strengthens the company's position during departmental scrutiny or audit verification.

Legal Precedents Reinforcing the Role of Cost Audit in GST Compliance

Recent judicial pronouncements have reinforced the evidentiary value of cost audit reports in GST compliance and litigation. Courts have increasingly recognized cost audit data as credible support for Input Tax Credit (ITC) claims and valuation accuracy.

- ⊙ **Vidya Drolia vs. Union of India (2023):** The Supreme Court upheld ITC as a *vested right*, emphasizing that compliant taxpayers should not be penalized for supplier defaults when transactions are supported by verifiable records, including cost audits.
- ⊙ **Brij Systems Ltd vs. Union of India (2025):** The Supreme Court ruled that ITC cannot be denied due to suppliers' clerical or filing errors when cost audit reconciliations substantiate genuine transactions.
- ⊙ **Simon India Ltd vs. State of Odisha (Orissa High Court):** Allowed cost audit reports and reconciliations as admissible evidence during GST audits, helping taxpayers defend adverse findings through verified cost data

Framework for Integrating Cost Audit and GST Compliance

A structured integration of cost audit procedures with GST verification ensures consistency, accuracy, and control over indirect tax compliance. The following framework outlines the key steps involved in achieving this alignment:

Step	Activity	Purpose
1	Pre-audit planning – include GST/ITC as an audit objective	Define the scope to cover GST risk areas, ITC validation, and reconciliation requirements.

2	Mapping of cost records with GST invoices	Establish clear linkage between cost elements and GST documentation for accurate data matching
3	Verification of ITC claim documents	Ensure eligibility of Input Tax Credit through document scrutiny and cross-verification.
4	Reconciling between cost audit reports & GST returns	Identify, analyze, and rectify mismatches in turnover, inputs, and tax credits.
5	Reporting discrepancies and recommendations	Provide management with actionable insights to improve compliance and cost efficiency.
6	Ongoing dashboard monitoring	Enable continuous tracking of GST and cost data for sustained regulatory compliance.

An integrated approach allows the cost auditor to enhance both statutory compliance and operational efficiency.

Benefits and Challenges of Integrating Cost Audit with GST Compliance

1. Benefits

- ⊙ **Transparency:** Unified verification of cost and tax records.
- ⊙ **Compliance Assurance:** Reduces risk of GST non-compliance and ITC disputes.
- ⊙ **Cost Efficiency:** Detects leakages in ITC claims or duplicate payments.
- ⊙ **Decision Support:** Enables tax-informed costing and pricing strategies.
- ⊙ **Audit Synergy:** Reduces duplication between GST audit and cost audit processes.

2. Challenges

- ⊙ **Complexity of Data:** High transaction volume and multi-location entities complicate reconciliation.
- ⊙ **Frequent Regulatory Changes:** Dynamic GST notifications require regular updates to

audit methodology.

- ⊙ **Lack of Integration:** ERP and accounting systems may not fully align cost modules with GST ledgers.
- ⊙ **Resource and Training Needs:** Cost auditors require updated GST knowledge for effective linkage reviews.

Way Forward: Strategic Directions for Integrating Cost Audit and GST Compliance

- ⊙ **Digital Integration:** Develop ERP dashboards linking cost records, supplier compliance, and ITC tracking.
- ⊙ **Standardized Checklists:** ICAI may issue standard audit checklists combining cost audit and GST verification points. (1)
- ⊙ **Training & Capacity Building:** Periodic workshops for cost auditors on GST law and ITC apportionment.
- ⊙ **Regulatory Collaboration:** Encourage dialogue between cost audit and tax authorities to recognize cost audit reports as supporting documentation for ITC verification.
- ⊙ **Data Analytics:** Use data analytics in cost audit to detect anomalies in ITC claims, such as unusual credit ratios or supplier non-filing patterns.
- ⊙ **Technological Integration:** Future integration of Artificial Intelligence (AI) and blockchain in audit trails can automate ITC verification and cost data validation. Such technologies can create tamper-proof audit records, reducing compliance errors and improving traceability.

Conclusion

Cost audit and GST compliance, though separate statutory functions, share a unified goal—ensuring transparency, efficiency, and integrity in business

Cost audit-driven ITC validation empowers businesses with improved compliance, operational efficiency, and strategic decision-making, transforming statutory requirements into measurable cost and tax advantages

operations. The linkage between cost audit and Input Tax Credit verification creates a strong compliance mechanism strengthens audit assurance and supports strategic cost management.

Integrating cost audit with GST documentation helps businesses validate ITC eligibility, avoid non-compliance, and achieve comprehensive financial governance. The synergy of cost audit expertise with GST compliance frameworks can thus transform cost verification from a statutory formality into a strategic management

tool, enhancing both profitability and compliance reliability in the post-GST era.

Additionally, integrating of cost audit with GST compliance prepares businesses for evolving regulations and digital tax systems. This synergy enhances financial governance and operational agility, making organizations more resilient. Ongoing collaboration among auditors, tax authorities, and continuous skill development are essential to maximize the benefits of this integrated framework. **MA**

References

1. *The Institute of Cost Accountants of India (ICAI). Guidance Note on GST Audit. Tax Research Department, ICAI, 2022.*
https://icmai.in/TaxationPortal/Publication/OnlineRelease/GN_GST_Audit.pdf
2. *India Briefing (2024). "Audit and Compliance in India – Doing Business Guide."*
<https://www.india-briefing.com/doing-business-guide/india/taxation-and-accounting/audit-and-compliance>
3. *CAG of India (2023). Compliance Audit Report for the year ended March 2021. Report No. 1 of 2023.*
https://cag.gov.in/webroot/uploads/download_audit_report/2023/Compliance-Audit-for-the-year-ended-March-2021-Report-No.1-of-2023.pdf
4. *SSCO India (2025). "Cost Audit in Budget 2025-26 – New Regulations, Compliance and Tax Benefits."*
<https://sscoindia.com/blog/cost-audit-in-budget-2025-26-new-regulations-compliance-and-tax-benefits>



ICMAI

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

www.icmai.in

Online

Advanced Certification Course in **GST LITIGATION MANAGEMENT (ACCGLM)**

An initiative of
Tax Research Department, ICMAI



Admission for Batch - 1
Starts from October 30, 2025

Course Eligibility

- ⊙ Qualified Cost & Management Accountants (Members)
- ⊙ Other Professionals (CS, CA, MBA, M.Com, Lawyers)
- ⊙ Executives from Industries and Tax Practitioners
- ⊙ Students who are either CMA qualified or CMA pursuing

Course Content

- ⊙ Over View of GST Laws - Present Issues in litigation
- ⊙ Scrutiny of Returns, Notices handling and how to draft & submit reply
- ⊙ Assessments - Notices, handling and how to draft & submit reply
- ⊙ Audit
- ⊙ Anti Evasion-Enforcement - Search & Seizure
- ⊙ Litigation Process
 - a. Specific issues in drafting the reply or filing appeal
 - b. Leveraging allied laws in litigation
 - c. Notices and different Prescribed Forms
 - d. Adjudication
 - e. Inspection, Search, Seizure, Summons & Arrest
 - f. 1st Appellate Authority
 - g. GSTAT
- ⊙ Advance Ruling
- ⊙ Practical Case Studies

Course Duration - 80 Hours

Course Fee - ₹15,000/- Excluding GST

Exam Fee - ₹1,000/- +18% GST

Mode of Course & Exam - Online

Experienced Faculties from
Industry and Practice

Certificate would be
provided after passing the exam

For any query, please mail us -
trd@icmai.in

Behind every successful business decision, there is always a CMA

1

Advanced Certificate Course in GST Litigation Management – Course Outline

Sl. No.	Topic		Subject coverage	Presentation	Hours
1	Sources of disputes	Over View of GST Laws - Present Issues in litigation	Overview of GST, Jurisdiction - Centre or State or both, Conundrum of Concurrent Jurisdiction and Sec. 6(2)(b) of the CGST Act, Registration under GST	provisions, circulars, notifications, present issues in litigation with examples and case decisions	3
			Issues related to supply, Classifications, taxability, exemption, Valuation,	provisions, circulars, notifications, present issues in litigation and case decisions	
			Notifications and Circulars issued under GST Laws - binding effect	Case law analysis	
			Issues related to time of supply, place of supply, Registration, invoicing and related filing of returns, Eway bills - present issues	provisions, circulars, notifications, areas of disputes with examples and case decisions	
			Issues related to Input Tax Credit including block credit and reversal of ITC, GSTR-2A, GSTR-2B etc, ISD and Jobwork - present issues	provisions, circulars, notifications, areas of disputes with examples and case decisions	
2	Scrutiny	Scrutiny of Returns, Notices handling and how to draft & submit reply	Overview of scrutiny of returns, Cases where the department generally carries out scrutiny, Provisions of Section 61 of the CGST Act, 2017 & Rule 99 of the CGST Rules, 2017, Procedure to be followed by the proper officer for scrutiny of returns, Procedure to be followed by the registered person after receiving the notice in ASMT-10 for scrutiny of returns, How to handle such notices and how to represent before the department., Instructions issued by the CBIC relating to the scrutiny of returns, Repercussions after issuance of ASMT-10, ASMT-11 and ASMT-12. Online filing of reply	With discussion on different issues, case study and updated case decisions	3
3	Assessment	Assessments - Notices, handling and how to draft & submit reply	Assessments under GST, Procedure of Assessments, Provisional Assessments, Self-assessments, Scrutiny Assessment, Notices issued during assessment, reply to notices, how to draft reply to such notices. Online filing of reply	With discussion on different issues, case study and updated case decisions	4
4	Litigation arising from the audit	Potential litigation arising from the audit	Types of Audits, Procedure for Audits, selection for Audit, Desk Review, Closure of Audits, ADT-01, ADT-02, MCM, Parala Audit by State & Central Authorities, Drafting of reply and how to handle the issues during Audit process. Online filing of reply	Provisions and case study with case decisions	6
		Audit-induced legal exposure			
		Possible legal action resulting from the audit			
5	Anti-Evasion	Enforcement - Search & Seizure	Cases in which Department may conduct search and seizure operations, What are the Department's powers during search and seizure, Summons proceedings, Deposits during search and seizure operations, Rights and obligations of taxpayers during such proceedings. How to handle and reply during the proceedings.	Provisions and case study with case decisions	5
6	Litigation Process	Specific issues in drafting the reply or filing appeal	Discussion of some practical issues that taken in replying the SCN, adjudication process and appellate stage. Principle of natural justice, revenue neutral, recovery of tax under RCM when tax paid under forward charge, bonafide believe in availing exemption, analysis of applicability of interest provisions, applicability of judiciary precedent etc	Discussions of relevant provisions with case laws.	9
7		Leveraging allied laws in litigation	Allied laws relevant to GSTAT litigation: 1. Indian Contract Act, 1872 2. Bharatiya Nyaya Sanhita (BNS) 3. Real Estate (Regulation and Development) Act (RERA) 4. Customs Act 5. Code of Civil Procedure (CPC)	An over view of the allied laws in perspective of GST litigation matters	3
8		Litigation - Notices and different Prescribed Forms	Different type of Notices Forms used in the Compliance and Litigation process , its relevance under GST Laws	Provisions related to importance of the Notices, Time limit of issue of notices, related case decisions	1
9		Adjudication	Demands and Recovery, Procedure for demands and recovery, Show Cause Notices, Replies to Show Cause Notices, Interest and Penalties, Adjudication Order [Section 73,74, 74A & 75 etc]	Provisions and case study with case decisions	8
10		Inspection, Search, Seizure, Summons & Arrest	Inspection, Search, Seizure, Summons & Arrest	Provisions and case study	2
11		1st Appellate Authority	Relevant provisions for filing appeal before 1st Appellate Authority, Key considerations for drafting facts and grounds of appeal, Insights into judicial expectations and perspectives, Discussion of cases and practical scenarios	Provisions including practical aspect / case study how to draft Statement of facts and grounds of appeal, Authorised Representative, How to present the case and plead before GSTAT	9
12		GSTAT	Relevant provisions for filing appeal before GSTAT. Detailed walkthrough of the GSTAT (Procedure) Rules 2025, Practical guidance on preparing an effective Paper Book, Key considerations for drafting facts and grounds of appeal, Insights into judicial expectations and perspectives, Discussion of cases and practical scenarios	Provisions including practical aspect / case study how to draft Statement of facts and grounds of appeal, Authorised Representative, How to present the case and plead before GSTAT	15
13	Advance Ruling	Advance Ruling	Provisions and How to prepare		2
14	Case Study	Practical	Case Study - 5 Nos		10
			Total		80

Interview



CMA Proteek Kumar Chakraborty

Director (Finance), ECIL

Hyderabad

dirfin@ecil.co.in

CMA Proteek Kumar Chakraborty is a Commerce Graduate from St. Xavier's College and a member of Institute of Cost Accountants of India & the Institute of Company Secretaries of India with over 31 years of diversified experience in various domains of Finance and Accounts.

Prior to joining ECIL, he served as Additional General Manager (Finance) at Bharat Heavy Electricals Limited (BHEL). He also held the position of Chief (Finance) at the Central Electricity Regulatory Commission (CERC) a Joint Secretary-level role.

An accomplished finance professional his vast career spans across BHEL's manufacturing units, business sectors, corporate functions, internal audit, and project execution. At CERC, he was handling power sector regulatory functions responsible for issuance of tariff

orders, financial modelling, licensing, and framing of regulations.

Throughout his career, he has been recognized for excellence, having received multiple productivity awards at BHEL. He also contributed to international energy cooperation as a member of the Ministry of Power's "One Sun One World One Grid" taskforce from CERC, exploring global electricity grid interconnections.

Q1. As a CMA leading the finance function at a strategic PSU like ECIL, how do you leverage Cost and Management Accounting principles to influence core strategic decisions related to indigenous electronics capabilities, defence, and nuclear sectors?

Ans. In the fast-paced and dynamic landscape of modern business, the role of a Chief Financial Officer (CFO) extends beyond traditional financial management and its more of a strategic navigator and a catalyst for innovation. As a CMA, I view finance not just as accounting of numbers but as a decision-support system, a multifaceted responsibility that begins with a deep understanding of the organization's core values, mission, and strategic objectives. It's about aligning financial strategies with the broader business goals, creating a synergy where financial decisions contribute tangibly to the company's success. Since ECIL is a multi-product, multi sector company serving several segments of the Indian economy with emphasis on import substitution and development of products/services that are of economic and strategic significance to the country, focus on Cost transparency and resource optimisation is very crucial. Through various costing tools, we enable the decision makers to make informed pricing and procurement decisions and also decide whether to indigenise, outsource, or collaborate. By aligning cost behaviour with strategic imperatives, we ensure that the electronic, defence and strategic programmes are not only technologically sound but also financially sustainable and competitive, without compromising on the national security.

Q2. ECIL operates in specialised, high-technology domains. What specific value addition do you see ICAI members and their management accounting skills bringing to a Public Sector Undertaking (PSU) in terms of project cost control and efficiency monitoring?

Ans. CMAs are uniquely positioned for Project-based and Cost-centre-driven environments typical

of PSUs like ECIL. Their strengths can create direct value through Scientific project costing, Budgetary control and monitoring, Earned Value Management (EVM) for tracking timeline–cost–output performance, Identification of cost leakages via variance and throughput analysis, Periodic cost audits to ensure transparency and regulatory alignment. This supports efficiency, accountability, contract management, and timely delivery, which are highly critical for the strategic programmes of national importance.

Q3. ECIL aims to foster self-reliance in the electronics sector. How does your office, driven by a CMA perspective, approach cost innovation and the financial modelling necessary to ensure that indigenous development remains cost-competitive against global alternatives?

Ans. As you know ECIL was set up with a view to generate a strong indigenous capability in the field of Strategic Electronics. Though the initial objective was on self-reliance to meet the C&I requirements of the country's nuclear power program and design development, manufacture and marketing of Computers, Control systems and communications, however over the years ECIL has pioneered the development of various complex electronic products and scored several firsts, prominent among them being country's First digital computer, First C&I of Nuclear power plants, First Earth Station Antenna, First Programmable Logic controller, First Solid State Cockpit Voice recorder and First Electronic Voting Machine. So, you can understand for ensuring world class systems at an optimal cost, providing maintenance support for the next two to three decades and at the same time retaining strategic autonomy for the nation, lot of efforts have gone towards cost innovation, Design-to-cost modelling from the R&D stage, Cost analysis against benchmarked international data, Long-term supply chain consolidation to unlock the economies of scale, Robust financial modelling of domestic R&D vs. imports. etc.

Q4. Considering the complex nature of ECIL's business (e.g., electronic voting machines, C&I for nuclear power plants), what two or three non-traditional competencies would you recommend the ICAI CMA Students focus on to be industry-ready for a PSU of ECIL's stature?

Ans. Besides strong domain knowledge viz costing, accounting and management accounting fundamentals, CMA students should also build competencies in Technology & Data Skills, ERP analytics, Project dashboards, SAP/Oracle/MS Dynamics, Power BI, Understanding Contracts & Commercial Law, Public procurement policies, Tendering process, Vendor risk management, Trade Finance, INCOTERMS, Detailed Project Reports, Strategic & Defence Economics – knowledge of national industrial policy, supply chain geopolitics, and emerging defence and strategic technological trends. This will prepare them not just for finance roles, but for techno-commercial leadership positions in PSUs.


Q5. ECIL has a vast portfolio. What are the key working capital management challenges you currently face, and what CMA-driven techniques (e.g., budgetary control, marginal costing) have been most effective in optimising the financial structure of the company?

Ans. Key challenges include long execution cycles, milestone-based billing, high inventory and contract assets for strategic projects and long payment realisation cycle since most of our customers are Government agencies. To deal with these challenges we try to optimise the procurement, strive for back-to-back payment terms wherever feasible, Budgetary control for each cost centre/project, Marginal costing for pricing under competitive bidding process, Dynamic cash-flow forecasting linked to production milestones, Inventory management to balance availability and inventory cost, Regular follow ups for realisation of Trade receivables and liquidation of the contract assets etc. These measures have substantially improved the liquidity position and strengthened our project execution discipline.

Q6. The ICAI Mission Statement mentions creating value to stakeholders in the socio-economic context. How does ECIL's finance function, under your leadership, balance the mandate of national security and indigenous development with the commercial objective of delivering value to the government and other stakeholders?

Ans. We operate on a dual mandate of national interest plus commercial efficiency. The finance function ensures this balance by prioritising the projects of national criticality irrespective of higher gestation period, leveraging target costing, import substitution, and cost audits to preserve commercial viability, Strengthening pricing models, contribution analysis, and risk-rating frameworks to protect government resources and ensuring optimal return on capital employed and ethically managing the resources. This aligns ECIL's operations of strategic sovereignty, stakeholder value and social empowerment.

Q7. To what extent is ECIL's finance department utilising advanced technologies (e.g., ERP systems, Business Intelligence/Analytics) for cost forecasting, internal audit, and MIS reporting, and what role do you see CMA expertise playing in driving this digital transformation?

Ans. ECIL had its own legacy system which over a period of time has been migrated to ERP based integrated finance modules. All procurements are being processed through digital mode and automated MIS and audit analytics are in place. Going forward I feel CMAs can play a great role in predictive cost forecasting, AI-enabled benchmarking and robotic process automation (RPA) for routine accounting. They can also help in conversion of digital data into cost insights, build forward-looking financial models Link operational KPIs with business KPIs etc. Thus, I feel in future CMAs will be key drivers of data-driven decision-making and financial digitalisation across ECIL. 

THE MANAGEMENT ACCOUNTANT

ISSN 0972-3528

Guidelines for Submitting Articles

- Contributors are requested to send soft copies (in MS Word format) to The Editor, The Management Accountant at editor@icmai.in.
- In case of theme article, the soft copy to be mailed to the above stated mail ID latest by 1st of the preceding month in which the article is sought to be published. That is, for an article to be published in February, the same may be forwarded by 1st of January, at least.
- The articles must be relevant to the economy, society and the nation.
- The articles should be around 1500 to 2000 words and must be an exclusive contribution for the Journal.
- The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address and an abstract of not more than 150 words.
- References should be given at the end of the manuscript and should contain only those cited in the text of the manuscript.
- The contribution must be original in nature and is neither published nor under consideration for publication anywhere else. A scanned copy of signed Declaration by the author is to be attached with the article. The format of the declaration is given below.
- A scanned passport size photograph (at least, 600 dpi) of the author and in case of joint authorship of all the authors should also be mailed along with the soft copy of the article.
- Figures and tables should be numbered consecutively and should appear near the text where they are first cited. **The figures must be in editable format.** Captions of the figures and tables are to be given at the bottom and at the top respectively. Headlines of the sections and sub-sections should start from the left-hand margin.
- The final decision on the acceptances or otherwise of the paper rests with the competent authority / editorial board and it depends entirely on its standard and relevance. The final draft may be subjected to editorial amendment to suit the Journal's requirements.
- If an article is not published within 4 months from the date of submission, the author (s) may withdraw the article with prior permission from the Editor **OR** keep the article with the Institute for future publication, unless it is rejected.
- The copyright of the contributions published in the Journal lie with the publishers of the Journal.
- The Editor has the right to modify / edit any content / title of the submitted article to suit the need of the Journal, without affecting the spirit of the article.

Declaration

I/We affirm that the article titled '_____ ' is my/our original contribution and no portion of it has been copied from any other source, and it would not be sent elsewhere for publication. The views expressed in this article are not necessarily those of the Institute or the Editor of the Journal.

Date:
Place:

(Signature)
Name:
Designation:
Organization:
E-mail ID:
Contact No:

All authors are requested to keep to the word limit of 1500–2000 words for articles

INSIGHTS FROM THE CHRISTMAS CONUNDRUM: A MANAGEMENT PUZZLE OF LUXURY, FAILURE AND RESILIENCE



CMA (Dr.) Dipra Bhattacharya

Management Consultant & AI Strategist
Guest Faculty, IISWBM, Kolkata

mail2dipra@gmail.com

In the upscale Greenwood District of Bengaluru, the Crescent Palace Club (CPC) had always symbolized more than marble halls, manicured lawns, or its heritage of long sixty-two years. It represented a social sanctuary for more than 11000 distinguished members, many of whom considered the annual Christmas Gala the emotional highlight of their year. The current edition carried even higher expectations, backed by a budget of ₹1.2 crores and the promise of a European Winter Wonderland theme. Yet what unfolded over last 48 turbulent hours before the event would test the club's managerial spine, revealing structural fragilities and offering rich material in examining cross-functional coordination, financial governance, and experiential luxury design.

The First Fracture: Vendor Risk and Financial Strain

The gala was scheduled for December 24. General Manager Ananya Rao felt confident as she stepped into the ballroom that morning. A soft drizzle outside only amplified the illusion of winter. White drapes

Abstract

This article presents an integrated management puzzle grounded in a real-world narrative of the Christmas Gala event at a fictional Crescent Palace Club (CPC), one of Bengaluru's most prestigious hospitality institutions. Through a cascading series of operational, financial, and stakeholder crises, the case illustrates how fragmented decision-making, weak governance structures, fragile supply chains, and inadequate digital readiness can threaten even the most iconic luxury events. The article analyzes each crisis, presents managerial evaluations, reveals hidden clues, and concludes with a comprehensive cross-functional framework of actionable insights for hospitality industry personnel operating in complex, premium service environments.

floated elegantly. The choir's rehearsal hummed in the background. Everything appeared perfect—until perfection began to fracture.

The first blow landed at 9:12 AM when Lumiere Events, the décor vendor, sent an urgent message. Their imported icicle lights and pine centerpieces—pivotal to the theme—were stuck at customs. They demanded an additional ₹6.5 lakhs for expedited release and specialized transport. The news pierced Ananya's calm. Finance Head Raj Mehta arrived a moment later, visibly distressed. The club was already projecting a 9 lakhs overspend because

of earlier fluctuations in marketing and F&B. He insisted firmly that they could not approve a rupee more. Yet Ananya knew that without those imported props, the European theme would dissolve into mediocrity.



Cross-Functional Financial Governance

Her decision would not only define the night but expose the core managerial dilemma: how much is aesthetic authenticity worth when juxtaposed against escalating financial risk? The hidden organizational clue lay in the contract itself—there were no penalty or delivery-risk clauses. The vendor had no incentive to absorb the cost of their own delay.

In facing this crisis, the eventual resolution Ananya adopted, became a valuable case insight. She negotiated assertively rather than yielding or switching vendors overnight. By leveraging past performance reviews, she demonstrated vendor accountability lapses and negotiated the extra charge down by nearly 40 percent. Simultaneously, she authorized her design assistant to incorporate locally sourced elements as backup fillers in case customs clearance suffered further delays. This dual strategy integrated risk hedging with cost rationality.

Inventory Lapses & Digital Governance Failures

Even before the relief from that crisis settled,

another fault line appeared in the wine inventory. Bar Manager Mitesh reported that the expected 220 bottles of premium imported wine had shrunk to 160 upon delivery. For a premium event charging ₹5,500 to members and ₹7,500 to guests, running out of wine would be an unforgivable blow. Each bottle carried a contribution margin of ₹1,600, and the shortfall implied a loss of ₹96,000 even before secondary effects on member dissatisfaction were considered.

Vendor Coordinator Riya insisted she placed the correct order. The vendor claimed they dispatched what was agreed. The truth emerged from a tiny log entry in the inventory system. The order modification had been made at 2 AM by a junior staff member listed as Admin2—someone who should never have had the access credentials. A small digital governance lapse had evolved into a financial and experiential threat.

Strengthening Digital Controls & Access Discipline

This crisis demonstrates how human error in digital systems demands not anger, but structural correction. Sid, the Operations Head, quickly had to decide whether to procure replacement bottles at a 20 percent markup. The additional cost for sixty bottles would reach ₹86,400. The alternative was reputational damage during a peak luxury event. Ananya approved the emergency purchase but paired it with a managerial initiative: an immediate internal audit of user permissions and the introduction of a two-step approval workflow. Thus, the crisis resolution transcended firefighting; it restored order to a vulnerable digital system.

Supply Chain Vulnerabilities & Operational Fragility

Logistics failures followed next, testing the supply chain's endurance. Karan, the Logistics Head, arrived with news that 180 mini pastries had melted due to a cold-storage malfunction. The replacement supply would cost ₹150 each rather than the original ₹110, pushing the incremental loss to ₹7,200. While small in isolation, the pattern signified deeper fragility: single-vendor

dependence, inadequate cold-chain monitoring, and contracts without penalty clauses. The solution Ananya implemented would later become a hallmark case teaching in supply chain risk mitigation. She diversified dessert sourcing between two vendors by evening, required temperature-logging devices on all new cold-chain vehicles and informed the vendor that future contracts would contain strict performance penalties. In the short term, the replacement pastries arrived on time, but in the long term, CPC institutionalized more resilient procurement.

Sponsorship Conflicts & Brand Integrity

Tension reached a peak with the branding conflict involving Blue Peak Realty, a major sponsor contributing ₹12 lakhs. They arrived with six massive LED boards—far larger than contractually permitted—and insisted they be placed at the ballroom entrance. Marketing Manager Devina argued that this would destroy the curated European theme and cheapen the visual ambience. Yet rejecting the demand risked losing one-third of the sponsorship pool.

This clash between brand purity and financial dependence is a classic management dilemma: should a premium hospitality organization sacrifice aesthetic integrity for short-term funding? The hidden clue here was again contractual vagueness. Although board placement was mentioned, size and positioning were not precisely defined. Ananya mediated with skill. She retained the entrance as a décor-only zone but offered Blue Peak prime digital visibility on the club's app, event micro-site, and live projection screens. This protected physical aesthetics while enhancing sponsor exposure through modern channels—an integrated solution aligned with ESG norms emphasizing

visual sustainability and reduced material waste.

VIP Management & Experience Recovery

Even as this negotiation concluded, the biggest socially sensitive crisis emerged: Table A1, the coveted VIP table, had been triple-booked. Three powerful families—the Oberois, Prasads, and Moorthys—each held valid confirmation screenshots. The reservation module had been migrated by the IT team a week earlier without stress testing, causing overlapping entries. The risk of political backlash, donor dissatisfaction, and status-driven offence hung palpably in the air.

Here, Ananya displayed one of the most critical luxury-management competencies: empathetic conflict resolution. Instead of declaring one family the rightful holder, she transformed the crisis into an

experience recovery opportunity. She created a new private seating enclave adjoining the main stage, designed in under thirty minutes with the help of the décor team. All three families were personally welcomed into the VIP enclosure, provided complimentary vintage wine, and



assigned exclusive butler service. Rather than feeling cheated, they felt elevated. This solution demonstrated that in hospitality, status is not only protected through rules but through thoughtful perception management.

Operational Stress Points & Quick-Pivot Solutions

A cluster of operational issues erupted closer to show time. The digital marketing team confronted scrutiny over a ₹1.2 lakhs overspend, caused by competitive bidding surges on Meta and Google ads. While the overspend produced an acceptable ROI of around 80 percent, the lack of spend ceilings indicated poor governance. Ananya used this incident to introduce automated spend alerts



and daily bid caps, ensuring future events retained financial discipline.

The Santa performer collapsed from dehydration fifteen minutes before the children's parade. Instead of delaying the show and risking disappointment, two young staff members from the recreation team alternated wearing the costume, ensuring Santa's energy stayed high and authenticity remained preserved. This small episode highlighted the importance of succession planning even for seemingly trivial roles, — in hospitality, no responsibility is too small to require backup.

Technology Readiness & Redundancy Planning

The final operational shock came when the QR entry system crashed under load, pushing average queue times to 14 minutes—three times the acceptable standard. With each five-minute delay lowering satisfaction by an estimated 0.3 points, the cumulative impact neared a full-point drop. This technological failure underscored the absence of load testing and hardware redundancy. Ananya's team swiftly shifted to manual verification lanes, supported by ushers trained in crowd management. The transition restored smooth flow in ten minutes. Later, CPC introduced pre-event simulations for at least 1,500 concurrent scans, permanently mending the gap.

Pattern Recognition: What the Crises Revealed

When all the crises were finally stabilized, a deeper reflection became necessary. The patterns emerging from these failures held more value than the resolutions themselves. The absence of a formal contingency buffer for a crore-plus event, the lack of structured cross-department communication, over-reliance on single vendors, poor digital access controls, and inadequate technology readiness all contributed to the chaos. Even more importantly, ESG considerations had been absent. Vendor sustainability scores, ethical cold-chain practices, and environmental impact had never been evaluated. Ironically, the crises became catalysts for a broader governance reform that integrated ESG considerations into procurement and event execution.

Integrating Financial Discipline with Creative Adaptation

In management literature, crisis reflection is as valuable as crisis mitigation. Therefore, the issues at CPC were later analyzed not as isolated failures but as interconnected lessons. One key insight was that financial discipline becomes meaningful only when paired with adaptive creativity. For example, negotiating down the décor cost while simultaneously preparing local alternatives reflected a hybrid strategy that respected budgets

while protecting member experience. Similarly, accepting a short-term financial hit for emergency wine procurement safeguarded long-term member loyalty, which in luxury clubs carries far greater lifetime value.

Another managerial insight concerned the importance of transparent communication. Throughout the event, Ananya made a point to update her team, sponsors, and even guests with honest yet reassuring messages. This human-centric approach is a core element of modern luxury management, where emotional comfort is as important as operational precision.

The Case Lens: Managerial Lessons across Domains

The case also provides fertile ground for academic discussion. Budget decisions under pressure require more than arithmetic; they involve understanding which expenses are symbolic of the brand promise. Supply chain resilience demands diversified sourcing but also ethical vendor screening aligned with ESG norms. Branding and sponsorship negotiations should focus on creating hybrid models where digital visibility reduces physical clutter. VIP conflict resolution requires both diplomacy and experience design, demonstrating that hospitality leadership is fundamentally an exercise in situational psychology. Digital marketing overspend must be governed not by micromanagement but by intelligent automation and forecast modelling. And technology integration cannot rely on vendor assurances alone; it must undergo rigorous stress testing to mirror real-world conditions.

Each crisis, therefore, offered not only a resolution but also a managerial revelation, turning CPC's chaotic Christmas into a master-class on luxury operations.

Institutional Reforms & Long-Term Capability Building

In the months following the gala, CPC implemented a new institutional framework. Contracts were rewritten with delivery penalties and sustainability scoring. Staff underwent a digital access audit and retraining. Vendor diversification became mandatory. A 15 percent contingency rule was formalized. Technology systems adopted

redundancy architecture. Sponsorship structures shifted toward digital inclusion rather than physical prominence. ESG parameters influenced vendor decisions, waste management, and energy use during events. Most importantly, event teams adopted scenario-based crisis rehearsals to ensure cross-functional fluency.

COMPANION DATA TABLE FOR CASE ANALYSIS

Category	Data / Observation	Crisis Insight	Management Resolution
Budget	₹1.2 crores allocated; projected overspend ₹9.284 lakhs	Weak contingency planning	Introduced 15% mandatory contingency for future events
Décor	₹6.5 lakhs customs delay charge	Contract lacked penalty clauses	Negotiated 40% reduction; added local backup décor
Wine Inventory	160 bottles received vs. 220 forecast	Digital access mismanagement	Emergency procurement; permissions audit; two-step approvals
Pastry Spoilage	180 pastries melted	Single cold-chain vendor; no monitoring	Vendor diversification; temperature loggers; penalty clauses
Sponsorship	Blue Peak demanded LED dominance	Aesthetic conflict; vague contract	Hybrid visibility model (digital-first)
VIP Table	Triple booking	IT migration without stress testing	Created new VIP enclave; enhanced service recovery
Marketing Spend	₹4.2 lakhs actual vs. ₹3 lakhs budget	No ad spend ceilings	Introduced bid caps and spend alerts
Santa Collapse	Performer dehydrated	No backup talent	Backup performer roster formalized
QR System Crash	14-minute queues	No load testing	Manual lines + mandatory pre-event stress tests
ESG Practices	Absent in vendor selection	Environmental blind spots	Added ESG scoring to procurement

Conclusion: The Ultimate Actionable Insight

The Christmas Conundrum at Crescent Palace Club (CPC) thus stands not merely as a narrative of what went wrong, but as a crafted blueprint for what leaders can do right. It illustrates that luxury hospitality is not the art of perfection but the craft of recovering gracefully from imperfection. It shows that operational robustness grows when failures are treated as data points, not embarrassments. And it reinforces that, in the end, signature experiences depend not only on chandeliers and imported décor but on disciplined systems, emotionally intelligent leadership, and ethically grounded supply chains.

That is the ultimate actionable insight—luxury thrives where management learns. Ultimately, the gala event became a mirror for leadership maturity. In premium service environments, experience is the sum of hundreds of micro-decisions, many of which unfold in real time under pressure. The case reinforces that luxury is not an outcome; it is an operating system—one that demands foresight, multi-disciplinary alignment, empathy, and data-driven rigor. **MA**

INDIA'S GREEN BOND MARKET

Abstract

India's green bond market is emerging as a powerful tool for financing the country's transition to a low-carbon economy. Since its debut in 2015, the market has grown rapidly, driven by ambitious climate goals, supportive policies, and rising investor interest in sustainable finance. Sovereign green bonds issued by the Government of India, alongside corporate and municipal issuances, have helped fund renewable energy, clean transportation, and climate-resilient infrastructure. With cumulative green debt volumes reaching USD 55.9 billion by 2024, India is positioning itself as a global leader in sustainable finance. However, challenges like greenwashing risks, limited project pipelines, and regulatory clarity remain. This article explores the evolution, structure, key players, and future outlook of India's green bond market, offering insights into how financial innovation is fuelling environmental transformation.

Green Bond

A **green bond** is a type of fixed-income financial instrument specifically designed to fund projects that have positive environmental or climate benefits. Like traditional bonds, they offer returns to investors through interest payments and principal repayment, but the proceeds are earmarked exclusively for **green projects** such as:

- ⊙ Renewable energy infrastructure
- ⊙ Energy efficiency upgrades
- ⊙ Clean transportation systems
- ⊙ Sustainable agriculture and forestry
- ⊙ Pollution control and waste management
- ⊙ Green buildings and water conservation²

These bonds are governed by frameworks like the **Green Bond Principles** by International Capital Market Association (ICMA), which ensure



CMA Rakesh Kumar Prasad

Financial Risk Manager

Galaxy Surfactants Ltd.

Navi Mumbai

rakesh.cwacs@gmail.com

transparency, accountability, and environmental integrity.

Green Bonds: Global & Indian Context

Green bonds were born out of necessity. As climate change intensified with rising sea levels, extreme weather events, and mounting carbon emissions governments and institutions realized that traditional funding mechanisms weren't enough to finance the transition to a low carbon economy.

- ⊙ **2007:** The European Investment Bank (EIB) issued the world's first green bond, called a "Climate Awareness Bond," to fund renewable energy and energy efficiency projects.
- ⊙ **2008–2013:** The World Bank and IFC followed suit, creating standardized frameworks and attracting institutional investors.
- ⊙ **2015–2020:** The Paris Agreement accelerated global interest. Countries began integrating green bonds into national climate strategies.
- ⊙ **2021–2025:** Green bonds became mainstream, with over USD 2 trillion issued globally by 2025.

The idea was simple but powerful to redirect capital toward projects that mitigate climate risks and promote sustainability.

Global Trading and Market Growth

Green bonds are traded globally across major financial markets, with issuers ranging from governments and municipalities to corporations and multilateral institutions. Here's how the market

operates:

- ⊙ **Issuance:** Entities issue green bonds through public offerings or private placements. These are listed on exchanges like the London Stock Exchange, Luxembourg Green Exchange, and others.
- ⊙ **Verification:** Third-party verifiers assess whether the bond meets green criteria to prevent “greenwashing.”
- ⊙ **Investment:** Institutional investors (like pension funds and ESG-focused portfolios) dominate the market, but retail investors are increasingly participating.
- ⊙ **Returns:** Green bonds offer competitive returns, often with **tax incentives** or subsidies to attract investment.

As of 2025, over **50 countries** have issued green bonds, with the **United States, China, and the European Union** leading the charge. The global green bond issuance surpassed **\$350 billion in 2020** and continues to grow rapidly.

India's Entry: A Climate-Conscious Leap

India's green bond journey began in **2015**, when **Yes Bank** issued the country's first green bond worth ₹1,000 crore to fund renewable energy. This was followed by Exim Bank and other institutions, signalling India's intent to align finance with climate goals.

Why did India embrace green bonds?

- ⊙ **Climate Vulnerability:** India faces frequent floods, droughts, and cyclones. The 2018 Kerala floods and Cyclone Amphan in 2020 caused billions in damage.
- ⊙ **Energy Transition:** With a target of 450 GW renewable energy capacity by 2030, India needed massive capital infusion.
- ⊙ **Sustainable Development Goals (SDGs):** Green bonds offered a way to fund clean water, transport, and energy projects while meeting global commitments.

India's green bond market is now one of the fastest growing in Asia, with sovereign issuances, corporate participation and municipal interest all converging to build a greener future.

How Green Bonds Are Traded in India

1. Sovereign Green Bonds (SGRBs)

Introduced by the Government of India in **January**

2023, these are issued by the **Reserve Bank of India (RBI)** on behalf of the central government.

- ⊙ **Trading Platforms:**
 - ⬆ Listed on major stock exchanges like **NSE** and **BSE**
 - ⬆ Available to retail investors via **RBI's Retail Direct platform**
- ⊙ **Structure:**
 - ⬆ Fixed coupon payments
 - ⬆ Tenure typically ranges from 5 to 10 years
 - ⬆ Funds are earmarked for projects like renewable energy, clean transport, and sustainable water management
- ⊙ **Investor Base:**
 - ⬆ Open to domestic and foreign investors
 - ⬆ Backed by sovereign guarantee, making them low-risk instruments

2. Corporate Green Bonds

Private companies and public sector enterprises issue green bonds to fund ESG-aligned projects.

- ⊙ **Trading Mechanism:**
 - ⬆ Listed and traded on Indian stock exchanges
 - ⬆ Governed by **SEBI's Green Bond Guidelines (2017)** and updated frameworks aligned with ICMA principles
- ⊙ **Verification & Reporting:**
 - ⬆ Issuers must disclose environmental objectives and impact metrics
 - ⬆ Third-party certification is often used to validate “green” credentials
- ⊙ **Market Share:**
 - ⬆ As of early 2023, **84% of India's green bond issuance** came from corporates, with sectors like renewable energy, energy efficiency, and green buildings leading the way

3. Liquidity and Pricing Trends

- ⊙ India's green bond market is still maturing, with **lower liquidity** compared to traditional bonds
- ⊙ The concept of “**greenium**” (price premium for green bonds) is evolving. Indian investors often expect **higher yields** rather than paying a premium for sustainability

4. Regulatory and Strategic Push

- ⊙ The government's **Sovereign Green Bond**

Framework (2023) and SEBI's guidelines aim to standardize taxonomy and improve investor confidence

- Foreign investment is encouraged, expanding the pool of capital and improving market depth

India's Green Bond Market – Financing the Future

1. Introduction: Why Green Bonds Matter

India's climate ambitions include achieving net-zero emissions by 2070 and reducing emissions intensity by 45% by 2030. But ambition needs capital. Green bonds, a financial instrument designed to fund projects with environmental benefits. These bonds are similar to traditional debt securities but come with a green twist, the proceeds are earmarked for sustainable initiatives like solar parks, metro rail systems, and climate-resilient infrastructure.

Green bonds offer a win-win scenario, investors get returns and the planet gets cleaner air, water and energy. For India, they're not just a financial innovation, they are a necessity.

2. Market Evolution: From First Steps to Global Recognition

The green bond market in India has grown exponentially since its debut in 2015.

- By 2024, India's cumulative green debt volume reached USD 55.9 billion.
- In January 2023, the Government of India issued its first sovereign green bonds worth INR 80 billion, followed by additional tranches in 2024 and 2025.
- Municipal bodies like Pune and Indore have explored green bonds to fund urban climate projects.

This growth reflects rising investor confidence and India's commitment to climate finance.

3. Structure and Types of Green Bonds

India's green bond market includes various issuers and instruments:

Type of Issuer	Examples	Purpose
Sovereign (Govt of India)	RBI-issued green bonds	Renewable energy, clean transport
Corporate	Yes Bank, ReNew Power, NTPC	Solar, wind, energy efficiency

Type of Issuer	Examples	Purpose
Municipal	Pune Municipal Corporation	Waste management, water conservation
Development Banks	IREDA, NABARD	Rural electrification, climate adaptation

Green bonds are typically structured as:

- Use-of-Proceeds Bonds:** Funds go to specific green projects.
- Sustainability-Linked Bonds (SLBs):** Tied to ESG performance targets.
- Green Loans:** Similar to bonds but issued as loans.

4. Real-Life Examples: Impact in Action

Let's look at how green bonds are making a difference:

ReNew Power

India's largest renewable energy company issued USD 325 million in green bonds to finance wind and solar projects. These helped avoid over 1 million tonnes of CO₂ emissions annually.

NTPC

The state-owned power giant raised USD 300 million through green bonds to fund solar energy projects in Rajasthan and Gujarat.

Sovereign Green Bonds

In 2023, India's sovereign green bonds funded projects like:

- Solar rooftop installations in government buildings
- Electric vehicle charging infrastructure
- Afforestation and biodiversity conservation

These examples show how green bonds are translating policy into tangible progress.

5. Regulatory Framework: Building Trust

India's green bond market is governed by a mix of domestic and international standards:

- SEBI's ESG Debt Framework (2023):** Mandates disclosures on use of proceeds, impact metrics, and third-party verification.
- Climate Finance Taxonomy (Upcoming):** Ministry of Finance is developing a taxonomy to define what qualifies as "green."

- ⦿ **Green Steel Taxonomy:** Ministry of Steel introduced guidelines to promote low-carbon steel production.

These frameworks aim to reduce “greenwashing” and build investor trust.

6. Investor Landscape: Who’s Buying?

India’s green bonds attract a diverse set of investors:

Investor Type	Motivation
Institutional Investors	ESG mandates, long-term returns
Retail Investors	RBI’s Retail Direct platform
Foreign Investors	Climate-aligned portfolios
Development Institutions	Climate finance commitments

The “greenium”, a price premium for green bonds, is evolving. In India, investors are increasingly demanding competitive yields rather than paying a premium for sustainability.

7. Challenges: What’s Holding Us Back?

Despite impressive growth, India’s green bond market faces hurdles:

- ⦿ **Greenwashing Risks:** Lack of clear definitions can lead to misuse of funds.
- ⦿ **Limited Project Pipeline:** Not enough credible green projects to absorb capital.
- ⦿ **Reporting Gaps:** Inconsistent impact reporting reduces transparency.
- ⦿ **High Borrowing Costs:** Green bonds often carry higher issuance costs.
- ⦿ **Investor Awareness:** Many retail investors remain unaware of green bond benefits.

Addressing these challenges is key to unlocking the market’s full potential.

8. Opportunities: What’s Next?

India’s green bond market is ripe for expansion. Here’s how:

Policy Interventions

- ⦿ Introduce tax incentives for green bond investors.
- ⦿ Standardize definitions and eligibility criteria.
- ⦿ Promote municipal green bonds for urban climate action.

Corporate Participation

- ⦿ Encourage ESG disclosures and

sustainability-linked financing.

- ⦿ Build capacity for impact measurement and reporting.

Global Integration

- ⦿ Align with international standards like the Climate Bonds Standard.
- ⦿ Attract foreign capital through robust governance frameworks.

India needs an estimated USD 12.7 trillion to reach net-zero by 2050. Green bonds can be a major lever in mobilizing this capital.

9. Future Outlook: Bigger, Better, Greener

The future of India’s green bond market looks promising:

- ⦿ Forecasts suggest continued double-digit growth through 2031.
- ⦿ More banks and NBFCs are entering the space with green financing products.
- ⦿ India’s leadership in G20 and COP summits is boosting global visibility.

With the right mix of policy, innovation, and investor engagement, India could become a global hub for sustainable finance.

Why It Matters

Green bonds are more than financial tools they’re a signal of commitment to sustainability. They help align capital markets with climate goals, offering investors a way to support environmental change while earning returns.

“Green bonds are revolutionizing how companies and governments fund climate action combining ethics with economics.” **MA**

References

1. *Case Studies: ICLEI South Asia*
2. *Climate Bonds – India Sustainable Debt State of the Market Report 2024*
3. *Accrona Case Study – India’s Green Bonds*
4. *IJARIE – Growth and Challenges of Green Bonds in India*
5. *TERI Policy Brief – Accelerating the Growth of Green Bonds in India*
6. *Grip Invest – Sovereign Green Bonds in India 2025*
7. *6Wresearch – India Green Bonds Market Outlook 2025–2031*

INDIA'S LABOUR MARKET: THE ISSUES AND THE PLAUSIBLE RESPONSES

Abstract

Indian economy has come a long way from the precarious condition of the Covid era to become the 4th largest economy in the world. Its recovery from the pandemic has been better than most other economies. But this has not prevented it from being confronted by some serious issues arising out of the functioning of its labour market in particular which may have serious ramifications for the economy in future. An attempt is being made here to understand the present-day labour market scenario, analyse the reasons behind the emergence of the confronting issues and consider the likely policy responses for tackling them.

Introduction

Indian economy has been one of the fastest growing economies in recent times. In the post-pandemic era when most of the major economies are striving hard to recover, Indian economy has been performing impressively both on the domestic and external fronts. It has achieved a sustained GDP growth of more than 8% since 2021-22 along with strong macroeconomic fundamentals. Despite all this, some serious issues originating from the labour market are confronting the Indian economy. The issues are not only affecting the economy at present but are sounding warning bells for the future.

Labour market issues

India's labour force of 593 million is second only to China in size. The labour force comprises of both formal and informal segments. About 82% of the labour force constituting the informal segment is either employed by small business establishments or is self-employed, India Employment Report(2024). Till 2019, the labour force was going through a transition as there was a slow but steady movement



Dr. Arnab Majumdar

Assistant Professor

Department of Economics

Women's Christian College, Kolkata

arnab195@gmail.com

of it away from agriculture to non-farm sectors. But the onset of COVID reversed the transition and the share of agricultural employment again began to rise. At present, about 45% of the Indian workforce is engaged in agriculture but a major portion of that is disguisedly employed making very little productive contribution. The overall unemployment rate which was hovering around 2% since independence also started worsening after 2011-12 reaching to 6.1% by 2018, the highest in the post-independence period, Mitra and Singh(2019). The rise in unemployment has been unabated with an increase in both rural and urban unemployment. The rural unemployment in particular has experienced a significant rise. The overall unemployment rate stood at 8.7% in June, 2024, CMIE(2024) but the most disturbing feature is the average unemployment rate of 10.2% in the (15-29) year old group at the all-India level, PLFS (June, 2024). The increase of unemployment rates over the years may be observed from Table-1 below.

TABLE-1 : Rising unemployment rates over the years

Year	Unemployment Rates
2012	2.1%
2015	3.9%
2018	6.1%
2024	8.7%

Source : Mitra and Singh (2019) & CMIE (June, 2024).

The scenario has been further complicated by the problem of falling real wages. According to the latest government estimates, all sections of workers except urban male, have experienced a sustained decline in their monthly wage levels during the period of 2017-18 to 2023-24, PLFS (June, 2024). The high unemployment levels and stagnancy in real wages continuing over the past five years have adversely affected the purchasing power of India's middle class resulting in a significant decline in their consumption levels. The decline in the consumption levels of Indian middle class from whom comes 70% of India's consumer demand have led to a fall in the share of private final consumption expenditure in GDP from around 70% in FY23 to 58.5 percent in FY'24. Consequently, the GDP growth during FY24-25 has been around 6.5% which is the lowest among the last four years and much below the projected rate of 7.2%.

The key factor that could be responsible for the sustained high unemployment levels and stagnating real wages is the declining demand for labour which can be understood from the falling employment elasticity in Indian industry. Employment elasticity which indicates the intensity of labour usage in the production process is calculated as the percentage change in employment due to every 1% change in the level of output. It can be observed from Table-2 below that the Indian industry has experienced a sustained decline in employment elasticity from 0.57 in 1970s to 0.15 in recent times.

TABLE-2 : Declining Employment Elasticity over decades

Period	Employment Elasticity
1970s	0.57
1990s	0.18
2020s	0.15

Source : Misra and Suresh(2014) & RBI

This implies that while a 10% expansion in real output resulted in near about 6% increase in the employment level during 1970s, the same 10% rise in real output leads to only 1.5% increase in the employment level now. Thus, it can be observed that the intensity of labour usage in Indian industry has been going down. But why is it so?

Labour Policy: Issues & Reforms

From the studies undertaken to identify the

determinants of employment elasticity in Indian industry it can be observed that orientation of the policy regime is a very important one. In one such study, undertaken by Irshad & Qayed(2023), a negative relationship between employment elasticity in Indian industries and the adoption of reform measures has been observed. This is quite plausible. Since the very beginning of the public sector- oriented industrialisation after independence, the issue of labour welfare was of utmost importance, Srinivasan(2006). Accordingly, the public sector enterprises focused not on generating profits but on providing long-term permanent employment opportunities to the labour force and ensuring their post-retirement financial security through adequate social security measures, Sharma (2014). The PSUs could bear the huge financial burden that they incurred for pursuing such a policy as they had the full financial support of the government. But as private sector-centric industrialisation was initiated in early 1990s the welfare approach took a backseat and the industries focused on reaping of more profits, Sharma(2014). In the absence of a flexible need-based labour hiring system, the private sector found the maintenance of large permanent workforce the cause of huge recurring expenses which was affecting their profitability. Consequently, they started reducing the labour usage in the production processes by switching over to more technology intensive production system which led to a steep decline in employment elasticity. To alter the situation there was a need for a change in the policy regime and in keeping with it labour policy reforms were initiated. It attempted a rationalisation of the complex structure of Indian labour laws trying to work out a balance between the need of a flexible labour hiring system, easy Exit option, and financial security of the Indian labour force, <http://labour.gov.in>. By allowing the use of fixed-term contractual labour in all types of productive activities, government has taken the step towards a flexible labour hiring policy where size and duration of employment will be determined by production requirements. Besides, a definitive step has also been taken towards creation of a business-friendly Exit Policy, by allowing firms employing up to 300 people to go for retrenchment of labour or closure in case of any such need without prior permission from the government, prsindia.com. Such policy changes enable the firms in optimising their labour costs. This may compromise the job security of the Indian labour force but provisions

for social security benefits even for the fixed term contractual employees and the proposed increase in the basic wage component to at least 50% of the total employee compensation which in turn will lead to an enhancement of the social security benefits for the labour force may compensate for the lack of job security. However, reforms have not yet been implemented across all the states and its impact will only be felt after its pan-India implementation.

Skill Deficiency: Impact and redressal

Besides policy regime, quality of human resource has also been observed to be an important determinant of employment elasticity in Indian industry in the different empirical studies carried out over time. In line with the changing demand pattern, there has been a major shift in the orientation of Indian industry in course of the last few years. Sectors like IT, healthcare, food processing, waste management, artificial intelligence, semi-conductor manufacturing, drone manufacturing have emerged as the new growth sectors. There is a requirement of a sizeable customised workforce endowed with specialised skills and knowledge for these sectors. But the reality is totally different. In IT, India's flagship sector, despite the presence of a large pool of engineering graduates there is an acute shortage of personnel having expertise in the new age digital skills like AI, machine learning and data science. Employers are even finding that many of the graduates lack practical programming skills and experience of modern cloud platforms. In the semi-conductor sector there is a critical shortage of skilled workers needed for fabrication, design and testing processes. In Healthcare too, there is an acute shortage of doctors, paramedics and mental health professionals particularly in the rural and semi-urban areas with the doctor to population ratio being well below WHO's recommendation. To overcome such deficiencies there is an urgent need for training and skill development of the labour force for each of these specific areas. But there exists a huge gap. As per estimates of NSDC, only about 3.2% of the Indian workforce have undergone formal skill development training as per today's requirement. As a result, while there is a need for 103 million professionals with specialized skills in Indian industry today, only 74 million are available indicating a shortfall of 29 million skilled professionals. Consequently, the investors have realized that if they have to reskill and upskill the labour force in order to turn them into one which can

be readily absorbed in their technical ecosystem then they will have to bear huge money and time costs. This could be acting as a major impediment in the way of usage of labour in the production process with investors moving towards increased mechanization and automation of their production system. Actually, to meet India's skill deficiency there needs to be a re-orientation of the human resource development policy. Though the government has taken the first step in this direction by adopting the New Education Policy (NEP) which includes subjects like AI, Data Sciences, Machine Learning, robotics as part of the curriculum with emphasis on compulsory apprenticeship and internship programs but considering the enormity of the task, government's efforts alone may not be enough, private sector also needs to be involved. By granting tax concessions or by making such activities part of their Corporate Social Responsibility (CSR), private sector must be motivated to contribute their technical expertise in the respective areas for training and upskilling of the workforce. This can complement government's efforts and lead to the development of dedicated human resource supply chain which can meet the need for job-ready workforce.

Perspective Issues and Policy

Climate Control Policy: The preceding discussion highlights the present-day factors which could be responsible for India's labour market problems. But this may not be enough as there is a need for a futuristic perspective. Because there are factors which may not appear to be that important at present may have a significant impact on the productivity and efficiency of the Indian workforce in future. The Environmental factors are one such. Change in Climatic conditions resulting from global warming due to increasing carbon emissions could have severe ramifications for the Indian labour force. The Asia-Pacific region including India is likely to be responsible for half of the global carbon emission due to which India is likely to experience about 4.7°C average rise in temperature, ADB(2024). Rising temperatures and other difficult climatic conditions may severely affect workforce's ability to work efficiently and productively. Besides, flooding of the coastal areas due to rise in the sea level could result in losses of billions of dollars of productive resources and capital assets and thereby may also adversely affect labour productivities. It has been estimated that adverse climatic conditions may lead to 11.6% decline

in India's labour productivity resulting in a 24.7% decline in its GDP by 2070, ADB(2024). To mitigate the impact of Climate change coordinated actions involving government and the private sector are vital. The government needs to draw up a definite road map and put in place a proper regulatory framework for achieving the prescribed carbon emission limits. Every effort must be made for adopting eco-friendly and clean technology solutions. For this emphasis should be on exploiting and harnessing of non-conventional energy replacing the use of fossil fuels and adoption of pollution control technology . The government should set up a time-bound schedule for such a technological change offering financial and technical support particularly to the small and medium scale industry so that they can meet the need for substantial investments required for adoption of clean technology solutions.

Conclusion

It can thus be observed that the declining demand for labour in Indian industry could be responsible for the problems affecting the Indian labour force. The preceding discussion unveils the likely reasons behind the declining usage of labour in Indian industry and the plausible policy responses that may counter them and these are summarized below in Table-3. MA

TABLE-3 – Summary of the causes of and plausible responses to declining labour demand

<i>Factors affecting labour demand at present</i>	<i>Plausible Policy Responses</i>
Skill deficiency of Indian labour force	Re-orientation of the Human Resource Development Policy so that the labour force can be re-skilled and up-skilled making them suitable for ready absorption in today's emerging technical ecosystem.
Pro-labour orientation of the labour policy .	Re-designing the labour policy for ensuring a balance between the investors' demand for a need-based flexible labour hiring system and financial security of the labour force . This may optimize the labour hiring costs and lead to increased usage of labour in the production process.
<i>Factors that may affect labour demand in future</i>	<i>Plausible Policy Response</i>

Environmental factors like Climate Change resulting from Global Warming.	There has to be a definite road map and a proper regulatory framework for adoption of eco-friendly and clean technology solutions with emphasis on exploitation and harnessing of non-conventional energy replacing the use of fossil fuels. The government may have to offer financial and technical support to the small and medium scale industry in particular for adoption of clean technology solutions .
--	---

References

1. *Asia-Pacific Climate Report (2024)*. Asian Development Bank. Manila. Philippines.
2. *Consumer Pyramid Household Pyramid Survey(June,2024)*.Centre for Monitoring Indian Economy. Mumbai.
3. *Economic Survey (2024-25)*. Ministry of Finance, Government of India.
4. *India Employment Report(2024)*. Institute of Human Development &International Labour Organisation (ILO), New Delhi.
5. Irshad, M., & Qayed, S. H. (2023). *Determinants of Employment Intensity of Growth in India: An Insight from Panel Data*. *Millennial Asia*. <https://doi.org/10.1177/09763996231175989>
6. *Labour Law Reforms*. Ministry of Labour and Employment , Government of India. <http://labour.gov.in>
7. Misra, Sangita. and Suresh, K. Anoop(2014). *Estimating Employment Elasticity of Growth for the Indian Economy*. RBI Working Paper Series No. 06. RBI. Mumbai
8. Mitra, Arup. and Singh, Jitender(2019). *Rising Unemployment in India, A State wise Analysis from 1993-94 to 2017-18*. *Economic and Political Weekly Volume IV, Number (50), 12-16*.
9. *National Education Policy (2020)*.Ministry of Education, Government of India.www.education.gov.in
10. *Overview of Labour Law Reforms*. PRS Legislative Research. prsindia.org.
11. *Periodic Labour Force Survey(July2023-June2024)*. NSSO. MOSPI, Government of India.
12. Rajan, Raghuram and Lamba, Rohit (2023). *Breaking the Mould: Reimagining India's Economic Future*. Penguin Random House India.
13. Sharma, Ravindra Kumar(2014).*Industrial Development of India in pre-and post-reform period*. *IOSR Journal of Humanities and Social Sciences*. Volume19.Issue10.
14. Srinivasan, T.N.(2006). *Employment and Unemployment since early seventies*. Working Paper No.306. Centre for International Development. Stanford University.

INDIAN FAMILY BUSINESS SEPARATION AS CONTINUITY – GODREJ

Managing a family business for generations and passing the baton is critical for harmony in relations and the longevity of the business, especially when the company has a legacy of over 100 plus years. Godrej is a case in the history of Indian family business separation that managed business continuity and family relations, amicability and equality through family settlement agreement. The case focused on process, which separated businesses without denting the Godrej brand. Researchers derived lessons for the family business owners for sustainably and strategic process when different branches of the family develop diverse interests and separate the business.

Introduction:

Family businesses are unique when it comes to legacy, relationships, and enterprise. While longevity often stems from strong values and stewardship, it may create tensions when different branches of the family develop divergent visions that imbalance the family business dynamics. Unlike high-profile family disputes, Godrej's 127-year transition was characterized by foresight, governance discipline, respect, and dignity for family members, employees, regulators, and all stakeholders, as well as maintaining harmonious relations among family branches and investors by announcing the separation of the business. It was beyond their business legacy and transformation, following mutual consent at the board meeting held on April 30, 2024. (Family Settlement Agreement)

Back in October 2021, Godrej Group has thought for separation and taken advises from external



Dr. Hitesh Shukla

Professor
Saurashtra University
Rajkot
hshukla72@yahoo.com



Hiren N Gandecha

Research Scholar
Saurashtra University
Rajkot
hiren.gandecha@gmail.com

partners, instead of going to an arbitrator, Godrej group has started separation process amicably and equitably (Times of India 2021-1) which resulted into first ever official announcement of splitting business in October 2023 (Live Mint 2023), and after a long discussion internally and family settlement agreement was finally announced separation of the group on 30th April 2024.

Separation:

The long-awaited strategic decision for the Godrej group was to pass the baton to the Next Generation

and take a leap towards achieving a new horizon through family settlement and succession planning. Godrej, headed by Mr. Adi B. Godrej and the Board, was concerned and prepared for the strategic separation, having planned for it since 2005. The first concern was discussed publicly in 2005. (Singh N. 2005) and planned to pass a baton through the separation of business with divergent strategic approaches without denting the 100-year-old legacy of the Godrej brand.

Later in 2019, the family looked forward to divide the group into two entity within the siblings but valuation of the key property holding by one of the entity Godrej & Boyce (G&B) was challenge hence seeking the advise from industry experts and legal expert (Lashkar A. Sapam B. 2019) for the valuation and taxation aspects of the family settlement of property of over 3000 acres of lands own by G&B in Vikhroli, Mumbai. (CNBC-18, June 2019). After considering the legal complexities of taxation and valuation through the separation of business, Godrej headed towards a family settlement and separation of business in 2021, taking a step to split the business amicably and equitably, without involving a third party for settlement. (Times of India, 2021-2). After considering the business aspects and consent from the family members, including G&B and Godrej Industries Group (GIG) owners. The family entered into a settlement of their family business separation to maintain legacy, trust, and respect to all other family members, stakeholders, and to establish a long-lasting, harmonious relationship amongst the family members and set a benchmark in the area of succession planning and dispute-free family settlement and separation of family businesses through a family settlement agreement published on 30th April 2024. (Giriprakash K. 2024, Gopalan K. 2024, Modak S., SethurammS., Mishra B. et.al 2024).

As one of the largest Indian conglomerates, Godrej has a diverse portfolio of multiple businesses, making it a challenging task to separate

An insightful analysis of how Godrej achieved an amicable, equitable family business separation through foresight, governance, and legacy-driven succession planning

the group from a valuation perspective. The family has decided to separate the group into two broader categories: listed companies under the leadership of Adi B. Godrej (ABG) and Nadir B. Godrej (NBG), and GIG, and unlisted companies under the leadership of Smita Godrej (SVC) and Jymshed Godrej (JNG), collectively known as the Godrej Enterprise Group (GEG). (Family Settlement Agreement)

The Legacy

Godrej was founded by Mr. Ardeshir and Pirojsha Godrej in 1897 in Mumbai (then Bombai), India. After a few initial failed ventures, Ardeshir Godrej started manufacturing Locks, which were well received by the market. Godrej was the only Indian company to start manufacturing the first 7 lever locks made in India in the era of the “*Swadeshi-Movement*” during British Colonial Rule in India. After achieving success in lock manufacturing, Godrej brothers started manufacturing Safe and the “*Almirah*” brand, named “*Godrej*”, which was popular in India. The business gained success over time. As time passed, the brothers focused on diversifying their business and expanding their presence in multiple businesses, including Soap Manufacturing and Furniture Manufacturing (1923). As demand for Made in India products increases and trust is built through quality, innovation in new product development, and durability, Godrej has experienced remarkable growth in the Indian market for consumer goods. Then, Godrej gave enough time for their products to settle and expand into associated products. Godrej launched its new soap, “*Cinthol*,” which remains one of the most popular products among Indian consumers. A product that has survived and continuously increased sales for more than seven decades has proven the brand legacy that Godrej has created, establishing a strong presence in the minds of Indian consumers and making Godrej the first choice of customers in India.

Godrej also ventured into real estate, agro-products, and animal feed, creating an empire under the umbrella of the Godrej Group that spanned three and four generations; however, different family branches had assumed stewardship of distinct businesses. Divergence in strategic priorities and different horizons for business priorities and leadership style became clear.

In 1951, Godrej delivered 1.7 million ballot boxes for the Indian election. As demand dictated, Godrej diversified its business to stay relevant to the market needs. Godrej believed in constant updates in its products to serve the consumer better.

As a journey of innovation and new product development, Godrej has diversified its business from consumer goods, such as soap manufacturing, to consumer durables products, including the home appliance industry, and launched its first refrigerators in 1958. As part of its business expansion, Godrej took a new leap into the animal feed industry as a subsidiary of Godrej Soap in the early 1970s. Later, it was formally incorporated in 1991 as Godrej Agrovat Ltd. and went public in 2017. Continuing the journey, Godrej ventured into real estate in 1988, and in 1991, further expanded into the food industry

Status Before the Settlement:

Godrej was operated and managed jointly as a group before the settlement, which includes all listed and unlisted entities. The market capitalisation of the Godrej Consumer product stood at 1280 billion INR, Godrej Property 639 billion INR, Godrej Industry 263 billion INR, and Godrej Agrovat Ltd. 93.60 billion INR. Astec Life Sci was valued at 21 billion INR. Altogether, the combined market capitalisation of all the listed Godrej group companies stood at 2298 billion INR as on 31st March 2024. (Source: NSE-INDIA) While the market capitalization of unlisted companies was not publicly available.

A study on Godrej separation, demonstrating how respectful dialogue, legal clarity, and shared values preserved unity of the family while enabling divergent family business visions

Family Settlement Agreement:

Here are the extracted important terms agreed for the settlement of business: (Settlement agreement)

The family observed that the divergent interests of the third and fourth generation family members, along with varying perceptions of the business in different areas, were at the center of the settlement agreement. The extracts of the agreement include the business separated under two broader heads; ABG and

NBG for GIG, and JNG and SVC for GEG. For the settlement of the business, neither group will be directly involved in managing the other company. It was agreed that by allowing both the separated businesses to use the Godrej brand name, they would maintain the legacy of the brand and respect the values and trust of both group businesses. It was further agreed that the other family group should protect the strategic importance of the business.

Once the realignment of shares transfer is done, the promoter group shareholders will be removed as promoters' quota, and they will become ordinary shareholders if they acquire any further shares of other groups of companies.

Shares of G&B held by members of the NBG Family on or after the effective date were not permitted to be transferred to competitor(s) identified under the Family Settlement Agreement, except either with the prior consent of the Branch Heads of JNG Family or SVC Family or through a non-negotiated on-market sale in the event the shares of G&B were traded on any stock exchanges.

The ABG and NBG family shall have the exclusive right to adopt, use, own and register the 'Godrej' name and brand in businesses such as fast moving consumer goods (including cosmetics, domestic and cleaning supplies, sanitary care, toiletries), foods and beverages, dairy products and services, financial services, pharmaceuticals, pharmacy, diagnostics, sexual wellness, agriculture and agriculture related services, fertilizers,

chemicals, oils and fats, etc., other than to the limited extent specifically agreed. The JNG and SVC family shall have the exclusive right to adopt, use, own and register the 'Godrej' name and brand in businesses such as space, aerospace, defence, furniture, durables, heavy engineering, locks and architectural hardware, EPC services, construction materials, home and office automation services, home and commercial interior design services, medical devices, software solutions, IT/ ITES, machines, energy, electric mobility business, vending machines, security products and solutions, intra-logistics, transmission systems, etc., other than to the limited extent specifically agreed.

The family has also agreed on certain non-compete protections for their existing and exclusive businesses, which shall apply for a period of 6 years from the effective date. No group company can start or enter into any business of another group company.

The shareholding of GIG will be realigned, such that ABG and the NBG family will hold the control of the listed companies.

Challenges:

Valuing land and business – listed and unlisted business depends on many uncontrolled variables. Combining both kinds of assets and giving each faction a 'fair share' was complicated in this case. There's a risk that one faction ends up with disproportionate value or burden without careful structuring, considering future business prospects or land values diverge. Land value may appreciate or remain latent, while businesses have different life cycles; matching present business value with long-term real-estate potential is inherently uncertain.

Retail investors and stakeholders in listed companies may be uncertain about how the split affects future strategy, leading to stock price volatility.

The announcement of the group's division triggered a mixed but largely positive market reaction, with several listed entities such as Godrej Consumer Products and Godrej Agrovet rising as investors welcomed clearer ownership and governance structures. However, companies with higher real-estate and industrial exposure, like Godrej Industries and Godrej Properties, saw

short-term declines due to valuation uncertainties and concerns over future asset restructuring.

Lesson for Family Businesses Ownership:

Wise family businesses should take separation as a proactive approach, along with systematically and generously planning for the succession and continuity of the business. The case reframes separation as continuity and suitability, rather than a failure; it can be a deliberate strategy that allows each family branch to pursue its vision while preserving shared heritage and family relationships.

Godrej is an exclusive case of a family business being separated amicably and equitably for the continuity of business in Indian history. It was observed from the case that the ownership structures must be revisited periodically by the family business owners. Generational transition inevitably brings new ambitions and capabilities. The Godrej family anticipated divergence early and initiated structured discussion. Rather than wait for conflicts, Godrej acted proactively and settled the issue in time.

Ownership structure and decision-making authority must be reviewed consciously, along with a scenario for scenario planning for unit versus separation, and maintaining continuous communication among family members regarding business succession and separation considering the legal obligations. One should not forget that clear governance, backed by legal documentation, is always non-negotiable for the success of a family business.

The settlement was based on a robust family settlement agreement that included provisions for non-compete, brand use, and board restructuring. Family constitutions and other legal agreements, along with clear governance and roles, must be discussed continuously and frequently in the family council and owners' council.

There should be respectful and transparent, empathetic communication within the family that will transform conflicts into constructive outcomes. The Godrej family emphasized respect and mindfulness in their process. (Arun.M.G. 2024) Business owners should adhere to the norms of respect by maintaining clear communication protocols and sharing a legacy of business ethics.

Owners should keep in mind that asset division should reflect managerial capabilities and strategic intent, not just valuation. Family business owners must envision long-term growth analysis and balance risk stability, considering capability matching. Always remember that the family reputation is a shared inheritance and requires good governance. Godrej Group has focused on safeguarding brand integrity and joint heritage initiatives, and both groups agreed on usage terms to protect the Godrej name. (Arun.M.G. 2024)

For the longevity of the business, planning must be transparent, competency-based succession, and it should be time-bound. The agreement mapped a clear leadership transition, including Pirojsha Godrej's planned elevation in 2026 (Mondal D. 2024). It should have leadership principles, transparent timelines, and merit-based criteria that should also be taken into consideration while passing the baton to the next-gen team.

Conclusion:

In conclusion, separation should be generous and not conflicting; one can learn from Godrej how business has been divided with mutual trust, respect, and harmony, thereby preserving the legacy. Family business owners should not delay difficult conversations; instead, they should discuss them respectfully regularly. Put governance on paper and always follow it. Various business lines should be matched with leadership, and the family name should be protected as social capital. It is advisable to plan beyond the family and beyond today to secure the future of the family and ensure business continuity. The learning from the case includes maintaining a harmonious relationship after separation. The case can be described as separated by business, united by brand, and bound by family relationships. Finally, widening horizons for business growth should be the ultimate vision of separation. **MA**

References:

1. Arun M.G., (2024, May 07) "How Godrej Group achieved a seamless business split", *India Today*.
2. CNBC TV 18 (2019, June 26) Godrej may see restructuring after dispute in family, says corporate lawyer Ranina. www.cnbctv18.com/business/godrej-group-confirms-differences-over-future-business-strategy-vikhroli-land-3826641.htm
3. Chaliawala N. (2024, May 01) Godrej family to split 127-year-old business empire, *Live Mint*. <https://www.livemint.com/companies/news/godrej-family-to-split-127-year-old-business-empire-11714502066745.html>
4. Family Settlement Agreement (https://godrejindustries.com/public/uploads/listing_compliance/GILReg30FSAF.pdf) Giriprakash K, (2024, May 04). Godrej restructuring a masterclass for succession planning in family businesses.
5. Gopalan, K. (2024, May 01). Godrej Group shows how to succeed at succession planning in family business without any bad blood, *Business today*.
6. Krishnan, J. (2024, May 01). Godrej family splits group amicably, Adi-Nadir to control listed entities. *The Hindu Business Line*.
7. *Livemint*. (2023, October 03), Godrej family to split ₹1.76 trillion business, says report: What we know so far. *Live Mint*,
8. Mishra L. (2024, May 01). Godrej family announces ownership realignment, group splits into two. *The Hindu*.
9. Mondal D. (2024, May 07). Well-defined succession planning key to avoid disputes in business families: Vishwas Panijar. *New India Express*.
10. NSE INDIA - <https://www.nseindia.com/static/regulations/listing-compliance/nse-market-capitalisation-all-companies>).
11. Pinto V.S. (2024, May 02). Godrej split to prevent brand erosion as group expands, say experts. *Financial Express*.
12. Poddar, N. (2024, May 01). Exclusive: Behind the scenes: \$20 billion Godrej family separation. *CNBC-TV18*.
13. *Republic World*. (2024, May 01). Navigating succession: The quiet unwinding of Godrej family business empire.
14. Singh N. (2005, April 20), Godrej way to avoid family disputes, *The Economic Times*. m.economictimes.com/godrej-way-to-avoid-family-disputes/articleshow/1082825.cms
15. Sridharan S. (2024, May 06). Succession Planning In Corporate India: Why The Godrej Family Is An Outlier. thesecretariat.in/article/succession-planning-in-corporate-india-why-the-godrej-family-is-an-outlier
16. *The Economic Times* (2024, May 01). What the split in Godrej conglomerate will mean for stakeholders & brand? Legal eagles explain, *The Economic Times*.

Down The Memory Lane

December, 2015



Shri Shripad Yesso Naik, Hon'ble Minister of State (I/C), for AYUSH & MoS for Health and Family Affairs, Government of India, the Chief Guest addressing the seminar on 'Financial Inclusion for Entrepreneurship & Innovation & 3rd SMEs Excellence Award - 2015' on December 10, 2015 at New Delhi. Shri UK Joshi, Director, Assocham, Shri Manguirish Pai Raiker, Co-Chairman, National Council for MSMEs, Assocham, CMA Manas Kumar Thakur, Vice President of the Institute, Shri S C Aggarwal, Chairman, Micro Finance Council, Assocham are other eminent dignitaries on the dais



The Institute in association with Assocham organized a summit on 'Ease of Doing Business in Gurgaon' on December 14, 2015 in Gurgaon. From Left: Shri Ravi Wig, Senior Managing Committee Member - Assocham and Chairman, SAARC Council, Assocham, Shri Vikas Jain, President, Gurgaon Chamber of Commerce & Industry, Dr. Lalit Khaitan, Chairman, Northern Region Development Council, Assocham, Capt. Abhimanyu, Hon'ble Minister of Industries & Commerce, Government of Haryana, Shri P K Jain, Chairman, National Council for MSMEs, Assocham, Shri Umesh Aggarwal, MLA, Gurgaon Constituency, CMA Vijender Sharma, Council Member of the Institute



Dr P Venugopal, Member of Parliament, Thiruvallur, Dist., Tamil Nadu releasing the brochure of Regional CMA Summit – 2015 held at Visakhapatnam during Corporate Cost Management Week Programme with SIRC dignitaries

December, 2005



Seminar of Role of Cost Accountants in Revenue Audit (Kolkata, 17 December, 2005). Dr. Parthasarathi Shome, Chief Economic Adviser, to Union Finance Minister (4th from left) and R Sekar, Jt. Secretary-Revenue Deptt. GOI (5th from left)

Seen with (from left) Dr. Debasish Bagchi, Secretary-ICWAI, C.S. Chowdhury (Director-Finance, Senbo); Dr. S. Bandyopadhyaya, CCM; Harijiban Banerjee, Past President (Extreme Right).

Down The Memory Lane

December, 1995



Inaugural Session of DPE-ICWAI Programme. Seen on the dais from left Kunal Banerjee, Central Council Member, Amal Kumar Das, Course Director, Dr. Subir Choudhury, Director, IIMC, Harijiban Banerjee, President and S.R. Acharyya, Secretary, ICWAI



Felicitation of Industry Leaders at Headquarters on 21 December 1995

December, 1985



Harijiban Banerjee, Chairman EIRC in the members' Meet of December '85 on 13 December, 1985 at EIRC premises while Shri S.N. Pyne, member, EIRC, Shri Bidhan K. Mitra, Secretary, EIRC and Dr. Prabir Roy the Guest Speaker of the evening are seen on the dais



A workshop on the "The Role of Professional in Corporate Management" was held on 7th December 1985, at the Indian Chamber of Commerce Auditorium under the joint auspices of the Coimbatore branches of the Institute of Company Secretaries of India, The Institute of Chartered Accountants of India and The Institute of Cost & Works Accountants of India

December, 1975



Shri K.S. Bhatnagar, the Chairman of Lucknow Chapter welcoming the President Shri M. Sreenivasa Rao and the Director (Adm.) Shri H.P. Ray Chaudhury on December 1, 1975. Seated from left are: Shri K.L. Prabhakar, Shri H.P. Ray Chaudhury, Shri M. Sreenivasa Rao and Shri K.L. Jaisingh



Shri K.L. Prabhakar, the Vice Chairman of the Lucknow Chapter garlanding the President Shri M. Sreenivasa Rao

Source: Extracted from the various issues of The Management Accountant Journal

NEWS FROM THE INSTITUTE

EASTERN INDIA REGIONAL COUNCIL

The Region successfully held the Inaugural Ceremony for the Certificate in Accounting Technicians (CAT) course on November 3, 2025, at its Kolkata Auditorium, with Group Captain Surya Bhattacharya as the Chief Guest. On November 4, the Chairperson, CMA Arati Ganguly, met with the Principal of Globsyn Business School to discuss the National Accreditation Policy of ICAI. The remainder of the month saw a strong focus on student outreach through numerous Career Awareness Programmes held at various schools and colleges. These sessions, including those at Sri Ramkrishna Sikshalaya School, Bantra M. S. P. C High School, Mitra Institution, and multiple institutions in Midnapur, Tarakeswar, Goghat, Baruipur, and Jogamaya Devi College, guided over 800 students on the CMA course and its career prospects. Additionally, a Continuing Professional Education (CPE) Programme focusing on forming multi-disciplinary partnership firms and inputs for MCA21 was conducted on November 19, graced by ICAI Vice President CMA Neeraj D. Joshi. The month culminated with the Eastern Region Chapters' Meet-2025 on November 23 in Gopalpur, Odisha, where the President of ICAI, CMA TCA Srinivasa Prasad, inaugurated a key session to foster regional collaboration and strengthen Chapter initiatives.

BHUBANESWAR CHAPTER

The Chapter had a busy November 2025, marked by extensive outreach and professional development initiatives. A series of CMA Career Awareness Programmes were successfully held at educational institutions, including DPS Kalinga (Nov 4), Kendriya Vidyalaya-1 (Nov 10), O' Brain (Nov 16), and Ganesh Commerce Point (Nov 27), reaching over 300 commerce students who actively engaged with the faculty on the course curriculum and career opportunities. A Mega GST Marathon was organized on November 8, featuring renowned national faculty CMA CS CA Nikhil Gupta, with over 120 students participating to gain insights into various aspects of GST. A significant Members Meet was held on November 22 for a panel discussion on "Forming Multi-Disciplinary Partnership (MDP) Firms and Inputs for the Next Version of MCA21," in response to the MCA's consultation. The event was graced by ICAI President CMA TCA Srinivasa Prasad, along with other Council Members and dignitaries, providing a crucial platform for members to contribute their suggestions to the national framework. Finally, the chapter organized a four-day Workshop on Artificial Intelligence (AI) from November 25 to 28, led by CA SK Abu Saqeeb and CA Saswat Mohapatra, which saw over 40 CMA members participating daily to enhance their practical skills in the emerging field of AI.

Glimpses of Eastern India Regional Council



Eastern India Regional Council



Eastern India Regional Council



Bhubaneswar Chapter



Bhubaneswar Chapter

NORTHERN INDIA REGIONAL COUNCIL

JAIPUR CHAPTER

Career Guidance and Outreach Success

The Chapter conducted two crucial Career Counselling Programs at Kendriya Vidyalayas in Jaipur:

- ☉ Kendriya Vidyalaya No. 1 (Nov 4): Chairman-NIRC CMA Rakesh Yadav, Chairperson CMA Purnima Goyal, and CMA Prateek Khandelwal guided over 80 students.
- ☉ Kendriya Vidyalaya No. 6 (Nov 27): Chairperson CMA Purnima Goyal and CMA Prarthna Kochar guided over 70 students.

Notably, these efforts, spearheaded by the NIRC team, resulted in the Kendriya Vidyalaya Sangathan (KVS) officially issuing an Authority Letter permitting CMA Career Counseling Sessions across all Kendriya Vidyalayas under the jurisdiction of the ICAI NIRC.

Professional Development Seminars

Two significant seminars were organized for members:

- ☉ GST Seminar (Nov 9): The event covered "Assessment, Adjudication and Appeals under GST" and "GST: 2.0 Reforms and Way Forward," with CMA Anil Sharma, Former Chairman of NIRC, as the Key Speaker.
- ☉ SEBI Seminar on "Fraud and Investigation" (Nov 21): Mr. Sanchit Goyal, Assistant General Manager (SEBI), provided in-depth insights on SEBI's regulatory framework, compliance, modern fraud detection methods, market manipulation, and forensic audit techniques to promote transparency in the capital market.

Administrative Changes and Campus Placement

The Chapter marked a change in its leadership:

- ☉ CMA P.D. Agrawal was felicitated and retired from the role of Director of Coaching after 18 years of dedicated service.
- ☉ CMA S.L. Swami was welcomed as the New Director of Coaching and Administration.

Additionally, the Chapter successfully organized an Extended Campus Placement drive on November 13, where UPL Limited selected two candidates for joining its Mumbai location.

Glimpses of Northern India Regional Council



Jaipur Chapter



Jaipur Chapter

SOUTHERN INDIA REGIONAL COUNCIL

August 2025: Inaugurations and Professional Insights

- ⊙ President's Meet: SIRC organized a "Members Meet with CMA TCA Srinivasa Prasad, President – ICAI" on August 3rd, offering an excellent platform for interaction and insights into the Institute's future roadmap.
- ⊙ Coaching & CAT Inauguration: The Oral Coaching Classes for the December 2025 examination were inaugurated on August 8th, with Dr. Sudha Seshayyan as the Chief Guest. The CAT Course (DGR Batch) for ex-servicemen was also inaugurated on August 25th, graced by President CMA TCA Srinivasa Prasad and LT COL NITIN KAURA.
- ⊙ Professional Development (PD): A Study Circle Meeting on Healthcare Costing (Aug 15th) and a seminar on the Insolvency and Bankruptcy Code 2016 (Aug 18th) were held.
- ⊙ GST Programme: A PD Programme on August 28th featured Dr. Balamurugan K, IRS, who spoke on "A Critical Review of Input Tax Credit Rules and Regulations under GST" and "Business Decision Making and GST Compliance Management."
- ⊙ Condolence: A meeting was held on August 25th to pay homage to CMA B. V. Ramana Murty, Past President of the Institute.
- ⊙ Career Counselling: Eight sessions were conducted across various colleges in August, including KCS KASI NADAR COLLEGE and SATHYABAMA UNIVERSITY.

September 2025: Focus on Educators and Technology

- ⊙ Teachers' Day Celebration (Sept 13th): SIRC celebrated with the theme "Shaping Futures, Celebrating Educators," featuring an inspiring address by Swami Raghunayakananda and panel discussions on experiential learning.
- ⊙ Professional Development (PD): PD sessions covered:
 - ▲ "Challenges to CMAs in Cost Management in the Current Scenario" (Sept 6th) by CMA S. Dorairajan.
 - ▲ "Data & Analytics – Elevating Finance as a Business Partner" (Sept 14th) by Mr. Craig Rothschild (USA).

- ▲ "Exploring Opportunities in Management Consultancy for Cost Accountants" (Sept 18th) by Dr. CMA V. Gopalan.
- ▲ "Artificial Intelligence for CMAs" (Sept 19th) by Mr. Eka Pillar and Ms. Panchi S.
- ▲ "The Future-Ready GCC and Relevance to Finance Professionals" (Sept 20th) by Mr. Rohit R. Chowdhry.
- ⊙ ASTP Valedictory: The Advanced Skill Training Programme (ASTP) for Newly Qualified CMAs (June 2025 Term) concluded its two batches on September 27th.
- ⊙ Social & Cultural: The Swachhata Hi Seva – 2025 campaign was held on September 29th, and Saraswati Puja along with Ayudha Puja was celebrated on September 30th.

October 2025: Health and GIFT-IFSC Opportunities

- ⊙ GIFT-IFSC Seminar (Oct 11th): A PD Seminar was organized on "Opportunities in Listings and Funds and Professional & Technology Services Providers at GIFT-IFSC," featuring speakers from the IFSCA to enhance knowledge on emerging professional opportunities.
- ⊙ Free Dental Screening Camp (Oct 12th): SIRC, in association with Meenakshi Ammal Dental College, organized a free camp for members, students, and their families to promote oral health.
- ⊙ Career Counselling: One session was conducted at DAYASADAN AGARWAL VIDYALAYA SCHOOL (Oct 24th).

November 2025: Industry Focus and Community Service

- ⊙ PD Programme: A meeting on "Inbound Foreign Investment – Practical Aspects" was held on November 7th, focusing on FEMA regulations and compliance.
- ⊙ Value Addition Seminar: A PD Seminar on "Value Addition Through Cost Audits" was held on November 22nd to enhance practitioners' understanding of cost audits as a strategic tool.
- ⊙ CFO Meet (Nov 28th): Organized in association with the Members in Industry & PSUs Committee, the meet facilitated discussions with leading CFOs on emerging finance leadership opportunities and the expanding role of CMAs in strategic decision-making.

- ⊙ RPA Workshop: A One-Day Professional Development Workshop on “Hands-On Robotics Process Automation (RPA) for Finance” was held on November 29th as part of the Next-Gen CMA Technology Series, with insights from CMA Dr. A.S. Durga Prasad and global experts.
- ⊙ Blood Donation: A Blood Donation Camp was successfully organized on November 21st in association with the Indian Red Cross Society.

THRISSUR CHAPTER

- ⊙ Felicitation Ceremony for Intermediate qualified students (June 2022 to June 2025 terms) on October 19th.
- ⊙ TMA Student Chapter Inauguration in association with Thrissur Management Association (TMA) on October 19th.
- ⊙ Seminar on “AI Horizons: Rethinking Education and Profession” on October 19th.

VISAKHAPATNAM CHAPTER

PD Programme on “Compliance to Complacence: A Walkthrough from Company Incorporation to Annual Filings under MCA 21 Version 3” on November 15th.

COCHIN CHAPTER

- ⊙ Consultative Sessions on Tax Policy (Nov 15th): The Chapter, represented by Chairperson CMA Renjini R. and Vice Chairperson CMA George P. Mathew, participated in an interactive session chaired by Dr. P. S. Punia, Chairperson of the Consultative Group on Tax Policy (CGTP), NITI Aayog. The objective was to gather feedback from professional bodies, industry, and trade to strengthen India's tax ecosystem, focusing on improving transparency, simplifying compliance, and leveraging technology.
- ⊙ GST Stakeholders' Engagement Meet (Nov 21st): The Chapter also represented the professional community at a meet organized by the Director General of Audit (Central), Chennai—Kochi Branch. The discussion aimed to facilitate constructive dialogue to identify bottlenecks and suggest solutions for improving GST processes and compliance mechanisms, specifically focusing on challenges in registration, returns, ITC, and e-invoicing.
- ⊙ 6th Webinar Series: Ind AS as a Strategic Enabler (Nov 22nd): The chapter successfully

conducted a national webinar on "Decoding Ind AS 34: A Comprehensive Guide to Interim Financial Reporting and SEBI Quarterly Result Compliance for Listed Entities." The technical session, led by CMA Ramsankar Mishra, detailed the critical aspects of Ind AS 34 and its practical interlinkages with CAS 17 (Cost of Production or Operation) and Ind AS 23 (Borrowing Costs), emphasizing better transparency in financial reporting and cost auditing.

BENGALURU CHAPTER

- ⊙ Leadership PD on MDP & MCA21 (Nov 12th): A high-profile discussion session on “Issues Concerning the Formation of Multi-Disciplinary Partnership Firms and Inputs for the Next Version of MCA21” was conducted. The event was graced by the President CMA T. C. A. Srinivasa Prasad, Vice President CMA Neeraj D. Joshi, and multiple Council Members (CCMs), providing crucial inputs for the Ministry of Corporate Affairs' consultation process.
- ⊙ Seminars on GST and MSME Funding:
 - ▲ A PD session on “GST- Issues and Challenges” was held on November 22nd, featuring Shri S. Rajagopalan, IRS.
 - ▲ A program on “MSME Funding Schemes & Institutional Support” was conducted on November 23rd in association with SIRC, featuring Dr. E Vijaya from the National Institute for MSME.
- ⊙ Campus Placement (Nov 25th–26th): The Chapter, along with the Directorate of Career Counselling & Placement, successfully conducted the CMA Campus Placement for the June 2025 batch at Rialto Hotel, with over 350 students participating. Companies like Bharat Electronics Limited, BEML, and Teva Pharmaceuticals Ltd were among the corporate recruiters.
- ⊙ Diamond Jubilee Commemoration (Nov 29th): The Chapter celebrated its Diamond Jubilee with a special session on “Costing in Casting,” led by Shri M. S. Venkatesh (HAL Retd.), attended by former Presidents and Chairmen of the Chapter.
- ⊙ Other Initiatives:
 - ▲ "The Art of Communication: From Campus

to Corporate" PD Programme (Nov 8th).

- ▲ A Crash Course for students on "Financial Management" (Nov 9th).
- ▲ A Master Class on Valuation was organized by the ICAI Registered Valuers Organisation (Nov 15th).
- ▲ The Kannada Rajyotsava was celebrated (Nov 15th).

COIMBATORE CHAPTER

The Chapter organized a series of professional development programmes, study circle meetings, student initiatives, and collaborative events throughout November 2025, reflecting its ongoing commitment to member learning, professional enrichment, and student outreach.

Professional Development Programme on “Recent Amendments to TDS/TCS Provisions” – 8 November 2025

A Professional Development Programme on “Recent Amendments to TDS/TCS Provisions” was conducted at CMA Bhavan, Ramnagar. The session commenced with a Welcome Address by CMA Dr. R. Maheswaran, Chairman, who emphasized the need for professionals to stay updated with changing tax regulations.

Through a detailed PPT presentation, Shri Palanikumar, Practising Company Secretary, explained the latest amendments in TDS/TCS provisions, revised compliance procedures, and deadlines, supported by practical industry case studies.

Condolence Meeting for CMA C. V. Balasubramaniam – 19 November 2025

A solemn condolence meeting was held at CMA Bhavan to pay homage to late CMA C.V. Balasubramaniam, Founder Member and Past Chairman of the Coimbatore Chapter.

Study Circle Meeting on Costing in Service Industries – 19 November 2025

Following the earlier session held in October, a follow-up Study Circle Meeting was organized to deepen discussions on costing in the service sector. Chairman CMA Dr. R. Maheswaran welcomed participants and shared feedback submitted to the Head Office regarding improvements in Cost Audit practices.

PDP on “Adjudication & Compounding under the Companies Act, 2013” – 22 November 2025

A Professional Development Programme on

“Adjudication & Compounding under the Companies Act, 2013” was held at CMA Bhavan.

Shri Eswaramoorthy explained the adjudication framework under MCA, implications of non-compliance, handling notices from authorities, and available appellate remedies.

Career Awareness Programme – 25 November 2025

Chairman CMA Dr. R. Maheswaran addressed around 2,500 Government School students during a Career Awareness Programme organized by Hindustan College of Arts and Science, Coimbatore. He introduced students to opportunities available through the CMA profession.

Crash Course for Intermediate & Final Students – 23 to 26 November 2025

A four-day crash course for Intermediate and Final students was conducted at CMA Bhavan to support academic preparation and improve examination readiness.

Joint Investor Awareness Programme with ICAI – 27 November 2025

A joint programme on Investor Awareness was organized with ICAI, Coimbatore Branch, sponsored by SEBI and BSE at ICAI Bhawan, Thudiyalur. Chairman CMA R. Maheswaran felicitated SEBI Chairman Shri Tuhin Kanta Pandey and BSE Managing Director & CEO Shri Sundaraman Ramamurthy during the event.

One-Day Workshop on “Power BI – Business Transformation” – 29 November 2025

The Chapter organized a one-day workshop on “Power BI” at CMA Bhavan. Chairman CMA Dr. R. Maheswaran delivered the Welcome Address, followed by speaker introduction by Treasurer CMA Hariharasubramanian. CMA Vijayaraghavan Srinevasan, Associate Director (Finance), Cognizant Technology Solutions, conducted the session, focusing on business insights and data-driven decision-making through Power BI.

KOZHIKODE-MALAPPURAM CHAPTER

The Chapter successfully conducted the professional development seminar on “Implementation of Costing System through Tally ERP” on 22nd November 2025 at the Chapter premises. Inaugural Address by CMA Syamly C M, Chairperson, Resource Person was CMA Rony Thomas, Practicing Cost Accountant and vote of thanks by CMA Salmanul Faris, Secretary.

Glimpses of Southern India Regional Council



Southern India Regional Council



Southern India Regional Council



Southern India Regional Council



Thrissur Chapter



Thrissur Chapter



Visakhapatnam Chapter



Visakhapatnam Chapter



Cochin Chapter



Cochin Chapter



Bengaluru Chapter



Bengaluru Chapter



Coimbatore Chapter



Coimbatore Chapter



Kozhikode-Malappuram Chapter

WESTERN INDIA REGIONAL COUNCIL

ICMAI-WIRC MSME Conclave – 15th November 2025 - Nagpur

The Western India Regional Council (WIRC) of the Institute of Cost Accountants of India (ICMAI), hosted by the ICMAI-Nagpur Chapter and supported by the Vidarbha Industries Association (VIA), successfully organized the MSME Conclave 2025 under the theme "Cost to Competitiveness: Empowering MSMEs & Start-ups for Strategic Growth – उद्योगोन्नति." The high-impact event focused on policy dialogue, knowledge sharing, and strategic thought leadership for MSMEs. The conclave was inaugurated by Chief Guest Shri Ajit Kumar Saxena (CMD, MOIL Ltd.) and Guest

of Honour Shri Prashant Mohta (President, VIA) and CMA Neeraj Joshi (Vice President, ICMAI), alongside numerous distinguished dignitaries including CMA Harshad Deshpande, CCM, and WIRC office bearers. Speakers emphasized the critical role of cost management, innovation, technology adoption, and ESG integration in achieving global competitiveness and supporting the Atmanirbhar Bharat mission. Technical sessions covered MSME growth schemes, the application of Artificial Intelligence for optimization, and the role of ESG in competitiveness. A high-impact panel discussion featured industry leaders addressing challenges and practical solutions. The event, which saw participation from over 130 individuals, successfully reinforced ICMAI WIRC's commitment to supporting the growth and national contribution of

MSMEs and Start-ups.

AHMEDABAD CHAPTER

The Chapter focused on technology integration, campus placements, and professional consultations in November 2025.

- ⊙ CAT Valedictory Session (Nov 7th): The chapter held the valedictory session for the CAT Batch, where Chief Guest Commander Rahil Rai emphasized the course's importance for career growth. Participants were felicitated with certificates.
- ⊙ Professional Development & Policy:
 - ▲ A Discussion on Multi-Disciplinary Partnership (MDP) was organized on November 10th, engaging members on this key policy matter.
 - ▲ A CPE session on the Benefits of LLP Structure was conducted on November 14th by CMA CS M C Gupta.
 - ▲ A CPE Webinar on Key Points for Filling GSTR 9 & 9C for FY 2024-25 was organized on November 22nd, featuring CMA Anil Sharma.
- ⊙ Technology Training (CMA AI Pravesh): The chapter hosted the CMA AI Pravesh - Deep-Dive into Artificial Intelligence and Machine Learning for Finance and Cost/Management Accounting. This comprehensive program, held both online (Nov 15th-16th) and physically (Nov 22nd-24th), covered topics from the foundations of AI and its possibilities in accounting to Generative AI and hands-on tools/case studies.
- ⊙ Campus Placement (Nov 17th & 18th): A significant campus placement drive for qualified CMAs of the June 2025 exam was conducted, with over 100 candidates participating. Leading corporates like ITC Ltd - Hotels, UPL Ltd, Sun Pharmaceuticals, and RSM Astute Consulting took part.
- ⊙ Social Event: A Diwali Get-together program for members and students was organized on November 8th, featuring games and dinner.

PUNE CHAPTER

The Chapter engaged in a mix of extensive skill training, professional events, and a major sports tournament across September, October and November.

Key Events in September & October 2025:

- Training & Placement: Organized the Advanced Skill Training Program (ASTP) for newly qualified CMAs (Sept 11th-21st) and the mandatory 60-hour Skill Training Program for

Intermediate Students (commenced Sept 14th).

- Technology & Compliance: Conducted a three-day seminar on SAP – CO Module (Sept 12th-14th) and CPEs on “Important Case Laws under GST” (Sept 13th) and “GST 2.0 – Next Gen GST Reforms” (Sept 18th). A webinar on “AI at Leadership Level” was also held on September 27th.
- Social & Outreach: Participated in the ‘Swachhata Hi Sewa’ (SHS) – 2025 Campaign (Sept 30th), organized a Navratri Dandiya Celebration for students (Oct 1st), and a ‘Diwali Pahat’ program for the fraternity (Oct 21st).

Key Events in November 2025:

- ⊙ Campus Recruitment (Nov 6th & 7th): A successful Campus Recruitment Drive was organized, with seven top-tier companies (including Eaton Technologies, Accenture Solutions, and UPL Ltd) participating, resulting in the selection of 56 students.
- ⊙ Cricket Tournament: The Chapter organized a successful Cricket Tournament on November 8th and 9th at Ness Wadia College Ground, as a Diamond Jubilee Commemoration. CMA Phoenix Flames won the championship, promoting fitness and camaraderie among over 200 participants across 12 teams. The event was preceded by a Trophy Reveal Ceremony (Nov 6th) graced by Past Presidents.
- ⊙ CAT Inauguration: The third batch of the CAT Course (Part I & II) for Retired/Retiring Armed Forces Personnel under the DGR scheme was inaugurated on November 24th, welcomed by Commander Rahil Rai.
- ⊙ Webinar: A webinar on “Understanding the concept of ‘Directors’ under Companies Act” was organized on November 1st.

Career Development and Outreach

- ⊙ Campus Recruitment Drive (Nov 6th & 7th): A successful "Campus Recruitment Drive" was organized, leading to the selection of 56 students. Seven top-tier companies participated, including Eaton Technologies, Accenture Solutions, Bajaj Finserv Ltd, and UPL Ltd.
- ⊙ Webinar on Companies Act (Nov 1st): A successful webinar on “Understanding the concept of ‘Directors’ under Companies Act” was conducted by CS Nachiket Sohani, providing members with essential corporate law knowledge.
- ⊙ CAT Course Inauguration (Nov 24th): The

third batch of the Certificate in Accounting Technicians (CAT) Course under the DGR scheme was inaugurated for Retired/Retiring Armed Forces Personnel, scheduled to run until March 2026. Commander Rahil Rai was the Chief Guest.

- ◎ University Visit (Oct 29th, pre-Nov): CMA Shrikant Ippalpalli, Chairman, met with Dr. Lahori, Vice Chancellor of P.A. Inamdar University, to discuss the benefits of the CMA course and the National Accreditation scheme of ICMAI.

Diamond Jubilee Sports and Fellowship

- ◎ Trophy Reveal Ceremony (Nov 6th): The grand

ceremony for the Cricket Tournament was held, unveiling the trophy at CMA Bhawan, attended by all 12 participating teams and senior dignitaries, including Past Presidents.

- ◎ ICMAI-Pune Chapter Cricket Tournament 2025 (Nov 8th & 9th): A successful Cricket Tournament was organized to celebrate the Chapter's Diamond Jubilee Year, promoting fitness and teamwork among over 200 participants.
 - ▲ Winner: CMA Phoenix Flames
 - ▲ Runner-up: CMA Sky Warriors
 - ▲ The tournament concluded with awards for the Best Batsman, Best Bowler, and Man of the Series.

Glimpses of Western India Regional Council



Western India Regional Council



Western India Regional Council



Ahmedabad Chapter



Ahmedabad Chapter



Pune Chapter



Pune Chapter

The Journal & Publications Committee of ICAI organized a webinar on “**Cost Management in the Modern Era**” on **November 20, 2025** from **5 pm to 6 pm**.

CMA M. Gopalakrishnan, Former President of ICAI (2011–12) and Practicing Cost Accountant, at Chennai, was the Resource Person for the session and he highlighted the key aspects of leveraging AI in business processes and emphasized its value-adding role across operations. He noted that the CMA profession is uniquely positioned to harness advancements in AI, enabling granular analysis of both structured and unstructured data to support informed and timely decision-making. He also traced the evolution of cost management, discussing AI-driven transformation, the



way forward for business finance teams and the importance of strong internal controls over cost reporting. He explained how modern digital tools provide real-time financial insights, fostering a culture of continuous improvement and accountability at all levels. The session also delved into the AI-driven metamorphosis in corporate cost management, emphasizing how intelligent technologies are reshaping the accuracy, speed and depth of cost insights. It highlighted the AI-enabled evolution of business finance teams, who are transitioning from traditional number-crunching roles to analytical, strategy-oriented partners empowered by advanced data models and automation. The discussion further addressed the current state of internal controls in cost reporting, noting that while frameworks exist, AI tools now strengthen these controls through anomaly detection, predictive checks and automated validations. He emphasized that integrated ERP and production systems enable unified, transparent and actionable cost information, supporting cross-functional stakeholders from the shop floor to senior management. He also outlined the capability-enhancement roadmap for CMAs, highlighting the need to strengthen digital competencies to stay relevant in a technology-driven environment. Additionally, he explained how digital twin technology allows organizations to run scenario

simulations even before actual production begins, helping refine cost algorithms iteratively through machine learning and resulting in more accurate, predictive and efficient cost management practices. He further discussed the concept of demystifying **cost**, emphasizing the importance of simplifying complex cost structures so that stakeholders at all levels can clearly understand cost behaviour and its business impact. He elaborated on algorithmic cost flow, where automated and data-driven models streamline the movement, allocation, and analysis of costs across processes with greater accuracy and transparency.



CMA Harshad S. Deshpande, Chairman, Journal & Publications Committee, thanked CMA M. Gopalakrishnan, the Resource Person and emphasized that

behind every successful article stands a thoughtful author who brings depth and meaning “between the lines.” He highlighted how CMAs can serve as business enablers and value creators by conducting their own cost analyses and contributing insights. He also discussed various initiatives undertaken by the Journal, including expanding the subscription base, offering physical copies with tracking facilities to ensure timely delivery and encouraging more members to subscribe. The Journal is introducing blog-style interactive articles, strengthening social media presence and working toward establishing the Management Accountant Journal as a premier global publication. He further noted the stringent norms followed for article selection, the impact of even small improvements and upcoming enhancements such as a dedicated mobile app.

The session concluded with an engaging question-and-answer segment that allowed participants to seek clarifications and share insights. A formal vote of thanks was delivered by CMA Sucharita Chakraborty, HoD and Secretary of the Journal & Publications Committee, acknowledging the speaker and all contributors. The webinar was effectively moderated by Ms. Indrakshi Bhattacharya from the J&P Directorate of ICAI, ensuring smooth flow, meaningful interaction and an informative experience for all attendees.

Sl. No.	Article	Author	Page No.	Issue No.
A				
1	AI-POWERED BANKING:ARE THE CUSTOMERS READY?	Dr. Meera Mehta	73-78	1
		Dr. Shivani Arora		1
		Dr. Alka Chaturvedi		1
		Dr. Arun Julka		1
2	A REAL STORY OF COMING TOGETHER	CMA (Dr.) Girish Jakhotiya	84	1
3	AGRI-FINANCING AND CROP INSURANCE: THE NEED FOR A COLLABORATIVE REVOLUTION	CMA Agam Bhushan Gulati	60-63	2
4	ACTIVITY BASED COSTING (ABC) VS. OBJECTIVE BASED COSTING (OBC)	CMA (Dr.) Girish Jakhotiya	76	3
5	AI-DRIVEN JOB MARKET SHIFTS: WILL HISTORY REPEAT ITSELF?	Prabir Kumar Bandyopadhyay	86-91	4
6	AUDITING IN THE DIGITAL AGE: THE TRANSFORMATIVE ROLE OF TECHNOLOGY IN THE AUDIT PROFESSION	CMA Swamy Nunna	30-34	5
7	AUDITING IN THE DIGITAL AGE	CMA Vidya Parikh	38-41	5
8	AUDIT IN INDIA: PAST AND PRESENT	CMA Ashoke Kumar Bothra	59-61	5
9	A PROPOSED TECHNIQUE FOR COMPUTATION OF PO AND CO ATTAINMENT UNDER NEP-2020	CMA (Dr.) Arindam Banerjee	92-98	5
10	ALIGNING MSME GUIDELINES TO FOOD SAFETY RULES	CMA (Dr).T. Rajesh	58-61	6
		Simi B.S.		6
11	A TRYST WITH UNCERTAINTY	Biplab Chakraborty	71-74	8
12	AI – AN OPPORTUNITY FOR RE-IMAGING AND RE-IMAGINING CMA PROFESSION	CMA Nayana Premji Savala	40-44	9
		CMA A Sekar		9
13	APPLICATION OF ARTIFICIAL INTELLIGENCE IN FINANCE & ACCOUNTING RELATING TO SMALL BUSINESS	CMA (Dr.) Raghavendra Ray	75-78	10
B				
1	BANK MERGER - IMPACT ON CREDIT GROWTH	CMA C. Shreeram	31-33	1
2	BEYOND BRANCHES: THE EMERGENCE AND IMPACT OF NEOBANKS	CMA (Dr.) Meghna Chotaliya	53-56	1
		Dr. Kavita Laghate		1
3	BAMBOO: A DRIVER OF GREEN ECONOMY FOR VIKSIT BHARAT	CMA Jyotsna Rajpal	40-44	2
		Ar. Rajpal Singh		2
4	BRIDGING THE GAP: FINANCIAL LITERACY & DIGITAL SKILLS AS DETERMINANTS OF INVESTMENT BEHAVIOUR OF WOMEN	Payal Sharma	99-105	5
		Dr. Madhu Agnihotri		5
5	BUSINESS INTEGRITY AND BUSINESS MODEL	CMA (Dr.) Girish Jakhotiya	70	8
6	BRAND BOOSTERS AND THEIR COSTING	CMA (Dr.) Girish Jakhotiya	87	9

7	BEHIND EVERY SUCCESSFUL BUSINESS DECISION THERE IS ALWAYS A CMA - ENABLING TRANSFORMATION	CMA M. Gopalakrishnan	20-24	10
8	BEHAVIOURAL ASPECTS OF COST MANAGEMENT ORGANISATIONS SHIFTING EMPHASIS FROM COST TO VALUE	CMA N. Ramaskanda	40-45	10
		CMA K. R. Murali Krishna		10
C				
1	CORPORATE SOCIAL RESPONSIBILITY (CSR) ACCOUNTING IN BANKS IN INDIA: A CASE STUDY APPROACH	CMA (Dr.) Tushar Raut	49-52	1
		Piyush H Rana		1
2	CORPORATE SOCIAL RESPONSIBILITY LANDSCAPE AS PER SCHEDULE VII: INSIGHTS FROM ENGINEERING, CONSTRUCTION AND PRODUCTION PSUs	CMA (Dr.) Meenu Maheshwari	91-95	1
		Ashok Kumar Gupta		1
		Pragya Gaur		1
3	COST-BENEFIT ANALYSIS OF ADOPTING AGRI-TECH SOLUTIONS	CMA Geeta Dhingra	45-48	2
4	CATALYTIC ROLE OF CMAs IN REVAMPING AGRICULTURE IN INDIAN LANDSCAPE: FROM TODAY TILL 204	CMA (Dr.) Nabanita Ghosh	68-72	2
		Dr. Geetanjali Purswani		2
5	C&AG OF INDIA - A REGULATORY BODY OF INDIAN AUDITING SYSTEM ROLLS ON TO ACHIEVE VIKSIT BHARAT: 2047	CMA Rana Deb	55-58	5
6	CAN THERE BE A REASONABLE REMAKING OF HIGHER EDUCATION WITHOUT INCURRING ANY SERIOUS INCREMENTAL COST?	CMA (Dr.) Girish Jakhotiya	78	5
7	COOPERATIVES IN INDIA: BUILDING BLOCKS FOR EQUITABLE GROWTH AND SUSTAINABLE DEVELOPMENT	CMA Jaishree Kannan	40-44	7
8	COOPERATIVES FOSTERING GROWTH OF RURAL ECONOMY THROUGH SELF-RESILIENCE AND SELF-RELIANCE IN INDIA	Shalini Iyengar	52-55	7
9	COST MANAGEMENT IN THE MODERN ERA: REDEFINING BUSINESS STRATEGIES FOR SUSTAINABLE GROWTH AND OPERATIONAL EFFICIENCY SUSTAINABILITY LINKED COST MANAGEMENT - CASE STUDY OF A SUGAR REFINERY IN ANDHRA PRADESH	CMA G. Kameswara Rao	50-52	10
10	COST AUDIT: ENHANCING TRANSPARENCY, EFFICIENCY AND STRATEGIC DECISION-MAKING	CMA Ajay Vashisth	24-27	12
11	COST AUDIT IN ERP ERA – CONFIGURING ERP TO ENABLE ACCURATE REPORTING OF COSTS	CMA (Dr.) R. Jayaram	28-33	12
		CMA (Dr.) G. Balasubramanian		
		CMA Srinivasan Kalyanasundaram		
12	‘COST AUDIT’ IS NEED OF HOUR IN BANKING SECTOR	CMA (Dr.) P. Siva Rama Prasad	40-44	12

13	COST AUDIT AS A STRATEGIC TOOL FOR PLANNING AND PRICING DECISIONS IN UNCERTAIN BUSINESS ENVIRONMENTS	CMA (Dr.) R. Ravichandran N. Rakesh	49-55	12
14	COST AUDIT AS A TOOL FOR STRATEGIC PLANNING AND PRICING DECISIONS	CMA Karan Singh Nagpal	59-60	12
15	COST AUDIT: ENHANCING TRANSPARENCY, EFFICIENCY AND STRATEGIC DECISION – MAKING LINKAGE OF COST AUDIT WITH GST COMPLIANCE AND INPUT TAX CREDIT VERIFICATION	CMA Srabani Ghosh	68-73	12
D				
1	DIGITAL AGRICULTURE MISSION: EMPOWERING FARMERS WITH TECHNOLOGY	CMA Quiser Aman	55-59	2
2	DUE DILIGENCE VS VALUATION-EGG OR CHICKEN STORY	CMA Rammohan Bhawe	82	6
3	DIGITAL BHARAT AND THE TECH – READY CMAs	CMA Harshit Verma	86-87	8
4	DIGITAL TWIN ECONOMICS: A REAL-TIME COST OPTIMIZATION FOR INDIA'S INDUSTRY 4.0 TRANSFORMATION	Dr. Amit Kumar Nag	53-58	10
5	“DANDIA, LIGHTS, MUSIC... OR MANAGEMENT?”	CMA (Dr.) Niranjan Mahendranath Shastri	72-74	10
6	DIGITAL TRANSFORMATION AND SUSTAINABILITY: FROM STEAM TO SMART – HOW DIGITAL TRANSFORMATION POWERS A SUSTAINABLE FUTURE	CMA (Dr.) Aditi Dasgupta	50-54	11
		CMA Arunabha Saha		11
		Dr. Ranjith Krishnan		11
7	DIWALI BAZAR: FESTIVITY TO FINANCE	CMA (Dr.) Niranjan Mahendranath Shastri	80-83	11
E				
1	EVALUATING FINANCIAL PERFORMANCE & BUSINESS STRATEGIES WITH DUPONT ANALYSIS (SPECIAL FOCUS ON THE CAPITAL GOODS INDUSTRY)	CMA (CS) P.V. Arun Kumar	85-90	1
		CA Shimbhu Dayal Khokharia		1
2	EMPOWERED WOMEN THROUGH HEALTH & WELL BEING: NEED OF THE TIME FOR VIKSIT BHARAT 2047	Dr. Ananya Mishra	22-25	3
		CMA (Dr.) Niranjan Mahendranath Shastri		3
3	EDUCATION AS A CATALYST FOR WOMEN'S EMPOWERMENT	CMA Monika Gupta	26-28	3
4	EMPOWERED WOMEN - HEALTHIER FAMILIES	CMA Ritu Dash Choudhury	35-36	3
5	EMPOWERED WOMEN: THE FOUNDATION OF A ROBUST SOCIETY	CMA Vandana Radha Vishwanth Walwante	65-67	3
6	EMPOWERING MSMEs THROUGH EFFECTIVE BANKING & FINANCE: THE ROLE OF COST ACCOUNTANTS	CMA (Dr.) Chaitanya Shah	76-80	8

7	ENVIRONMENTAL VIOLATION & AUGMENTATION PROVISIONS - THE ROLE OF A COST & MANAGEMENT ACCOUNTANT	M. Damodar Rao CMA S. Venkatesham	81-84	8 8
8	ETHICAL AI IN BUSINESS: RESPONSIBLE USE, BIAS, TRANSPARENCY	CMA Om Prakash Prasad	64-69	9
9	EXPLORING THE POWER OF GenAI FOR INNOVATIVE BANKING SOLUTIONS	Rajesh Sarvanarayan Jha Prof. Debabrata Mitra	76-81	9 9
10	EVOLVING DIMENSIONS OF CUSTOMER PROFITABILITY ANALYSIS WITH EMERGING PREDICTIVE TECHNOLOGIES	CMA (Dr.) R. Ravichandran N. Rakesh	46-49	10 10
F				
1	FINANCING INDIA'S GROWING ELECTRIC VEHICLE MARKET	CMA (Dr.) Bijay Kumar Mohanty	32-38	4
2	FINANCIAL AGILITY – THE KEY TO THRIVING IN UNCERTAIN TIMES	CMA Meet Jogatar	44-46	4
3	FINANCIAL PERFORMANCE AND CHALLENGES OF COOPERATIVE CREDIT SOCIETIES IN ASSAM: AN EMPIRICAL STUDY	CMA (Dr.) Purnendu Basu Dr. Atul Kumar Paul	45-51	7 7
4	FORMATION OF GST APPELLATE TRIBUNAL - THE NEED OF THE HOUR	Dr. Azhaguraja N Dr. R. Perumalraja	83-85	7 7
5	FIDUCIARY ROLES IN AI GOVERNANCE	Biplab Chakraborty	89-94	11
6	FRAUD DETECTION THROUGH COSTING INTELLIGENCE (CI) A SPECIAL FOCUS ON: THE COST AUDITOR'S MANDATED ROLE IN REPORTING FRAUDS UNDER THE COMPANIES ACT, 2013	CMA Pradnya Y. Chandorkar CMA A Sekar	61-67	12
G				
1	GENDER EQUALITY AND SOCIAL JUSTICE: AN INTERCONNECTED JOURNEY	CMA Krishna Nand Chaubey	58-64	3
2	GLOBAL ECONOMIC TRENDS AND INDIA'S FINANCIAL TRAJECTORY: RESILIENCE, GROWTH, AND STRATEGIC ADAPTATION IN FY 2025-26	Dr. J. Madegowda	56-59	4
3	GST: COMMON ISSUES POSSIBLE SOLUTION	CMA Anil Sharma	78-82	7
4	GIFT CITY IFSC AND ITS ROLE IN TRANSFORMING CORPORATE TREASURY OPERATIONS	CMA Nilay A. Savla	44-46	8
5	GENERATIVE AI IN MARKETING AND CUSTOMER EXPERIENCE (CX)	CMA Krishna Nand Chaubey	34-39	9
6	GENERATIVE AI IN MARKETING AND CUSTOMER EXPERIENCE: REVOLUTIONIZING CREATIVITY WITH INTELLIGENCE	CMA Agam Bhushan Gulati	46-49	9

7	GREEN FINANCE: CATALYSING THE NET-ZERO TRANSITION – THE IMPERATIVE FOR FINANCE PROFESSIONALS	CMA Krishna Majethia	46-49	11
8	GREEN BANKING IN INDIA: PATHWAY TO SUSTAINABLE FINANCE	CMA (Dr.) Ashoke Mondal	58-61	11
		Sourav Das		11
H				
1	HEALTH AND WELL - BEING: EMPOWERED WOMEN, HEALTHIER FAMILIES	CMA Himanshu R. Kachhela	68-69	3
2	HUMAN RESOURCE MANAGEMENT ETHICS IMPROVED BY AI: BALANCING EFFICIENCY AND VALUES	Mallar Chakrabarti	86-92	6
I				
1	INTERNAL AUDIT: EXCELLENCE THROUGH XAI IN BFSI	Sam Varghese	39-43	1
		CMA (Dr.) Niranjan Mahendranath Shastri		1
2	INFRASTRUCTURE FINANCING – THE BANK’S ROLE AND PRACTICAL SOLUTIONS	CMA (Dr.) Chivukula Vasudev	62-67	1
3	INNOVATION AND AGRI-ENTREPRENEURSHIP DEVELOPMENT: THE EVOLVING ROLE OF CMAs IN A CHANGING AGRICULTURAL LANDSCAPE IN JHARKHAND	Dr. Mayuri Gaur	73-77	2
		CMA Hemant Kaushik		2
4	IMPACT OF FINANCIAL INCLUSION ON QUALITY OF LIFE AND FINANCIAL HAPPINESS OF WOMEN: A STUDY INTO DOMESTIC WORKERS AND OWNERS OF SMALL BUSINESS IN KOLKATA	Subhabrata Mitra	54-57	3
		CMA (Dr.) Arindam Gupta		3
5	INNOVATIVE APPROACHES TO TAX REFORMS IN PROMOTING ECONOMIC GROWTH IN INDIA	CMA Kolluru Gowri	39-43	4
6	IBBI AS NEW REGULATORY SCENARIO IN INDIA - ROLE OF CMA’s AS INSOLVENCY PROFESSIONALS	CMA Darpan Rajwania	42-43	5
7	IMPACT OF IBBI ON INSOLVENCY REFORMS IN INDIA: A STUDY	Dr. Rajesh Khatri	62-67	5
8	INPUT TAX CREDIT (ITC) REVERSAL ON LOSS OF GOODS UNDER GST	CMA Rajesh Mittal	86-88	5
9	INDIAN MSMEs: MARKET PRESENCE AND COMPETITIVENESS IN A GLOBAL ECONOMY	Dr. A. Mohamed Jaffar	52-56	6
		CMA M. Salma Banu		6
10	INDIA POST PAYMENTS BANK: CHALLENGES, INNOVATIONS, AND THE ROAD AHEAD	Ronit Khatri	95-97	6
		CMA (Dr.) Niranjan Mahendranath Shastri		6
11	INVENTORY VALUATION UNDER INCOME TAX ACT - CREATING A LEVEL PLAYING FIELD FOR PRACTICING COST ACCOUNTANTS	CMA R. Subash Chandran	86-89	7

12	INDIA'S COOPERATIVE MOVEMENT – A PILLAR FOR SUSTAINABLE GROWTH	CMA Vinod Krishnan Panicker	33-39	7
13	IFSCA'S COMPLAINT HANDLING MECHANISM: ENSURING TRUST IN THE FINANCIAL SERVICES MARKET IN GIFT IFSC	Dr. Praveen Trivedi	27-30	8
		Arjun Prasad		8
		Nikhil Solanki		8
14	IFSCA - A PILLAR FOR ATMANIRBHAR BHARAT	CMA Chittaranjan Chattopadhyay	31-33	8
15	IFSC AS A CATALYST: DRIVING INDIA'S GREEN FINANCE TRANSITION TOWARD VIKSIT BHARAT 2047	CMA Avik Ghosh	34-38	8
		Fatima Hassan		8
16	IFSCA AND TRANSITION FINANCING – A NEW SUNRISE FOR CMAs	CMA A Sekar	39-43	8
		Dr. Ranjith Krishnan		8
17	IFSC AS INDIA'S FINANCIAL GATEWAY: FUNCTIONS, IMPACT, AND FUTURE OUTLOOK	CMA Srabani Ghosh	47-52	8
18	INDIA'S TOLL TRANSFORMATION: HOW TECHNOLOGY IS STREAMLINING TRAFFIC FLOW	CMA Sudhir Kumar Jaiswal	26-29	9
		Yerva Ajay		9
19	INTEGRATING SUSTAINABILITY GOALS INTO COST MANAGEMENT: ACHIEVING PROFITABILITY AND OPERATIONAL EFFICIENCY	CMA (Dr.) Sathisha H K	33-39	10
		Dr. Sowmya G S		10
		Sushma K		10
20	INDIAN GREEN BOND MARKET: PROGRESS AND CHALLENGES ON THE ROAD TO NET ZERO	CMA Rajendra Kumar Joshi	19-24	11
21	INDIA'S JOURNEY TOWARDS NET ZERO BY 2070	CMA (Dr.) Amit Kumar Arora	25-30	11
		Priyanka Sharma		11
22	INDIA'S ENVIRONMENT AUDIT RULES – A STEP IN THE RIGHT DIRECTION	CMA Nayana Premji Savala	40-45	11
		CMA A Sekar		11
23	INDIA'S GREEN BOND MARKET: A PATHWAY TOWARDS SUSTAINABLE INVESTMENT	CMA Meet Jogatar	55-57	11
24	INTEGRATING ENVIRONMENTAL ACCOUNTING INTO SUSTAINABLE ECONOMIC DEVELOPMENT: A PATHWAY TO RESPONSIBLE GROWTH	Deblina Mishra	68-72	11
		CMA Kajal Mishra		11
25	IMPACT OF GOVERNMENT INITIATIVES ON REALTY SECTOR IN INDIA	Sahaj Wadhwa	95-98	11
26	INSIGHTS FROM THE CHRISTMAS CONUNDRUM: A MANAGEMENT PUZZLE OF LUXURY, FAILURE AND RESILIENCE	CMA (Dr.) Dipra Bhattacharya	80-84	12
27	INDIA'S GREEN BOND MARKET	CMA Rakesh Kumar Prasad	85-88	12
28	INDIA'S LABOUR MARKET: THE ISSUES AND THE PLAUSIBLE RESPONSES	Dr. Arnab Majumdar	89-92	12
29	INDIAN FAMILY BUSINESS SEPARATION AS CONTINUITY – GODREJ	Dr. Hitesh Shukla	93-97	12
		Hiren N Gandecha		

K				
1	KRALJIC MATRIX – IS IT STILL RELEVANT IN PROCUREMENT COST REDUCTION?	CMA Nilay A. Savla	29-32	10
L				
1	LEVERAGING DIGITAL TRANSFORMATION IN THE FINANCIAL SECTOR FOR INCLUSIVE GROWTH	CMA Krishna Swaroop P	51-55	4
2	LEAN: THE WAY TO MSME PROSPERITY	CMA Jyotsna Rajpal	36-40	6
M				
1	MEASURING PAIN POINT INTO PROJECTIONS FOR VALUATION	CMA (CA) Rammohan Bhawe	82-83	1
2	MACHINE UNLEARNING (MAKING AI SMARTER,FAIRER, AND MORE RELIABLE)	N.D.S.V.Nageswara Rao	77-80	3
3	MORPHOLOGY OF RISK IDENTIFICATION PROCESS	Biplab Chakraborty	81-84	3
4	MULTI-JURISDICTIONAL AUDIT FAILURES – REAL WORLD CASES	CMA Nilay A. Savla	35-37	5
5	MSMEs IN INDIA: A GATEWAY TO EMPLOYMENT AND INDUSTRIALIZATION	CMA Muneer Rasheed	42-46	6
6	MANAGERIAL COSTING TECHNIQUES: UNLOCKING THE PATH TO COMPETITIVE ADVANTAGE	Dr. Mahesha,V	60-64	10
N				
1	NET ZERO BANKING (A PRUDENT AND SUSTAINABLE APPROACH TO LENDING)	CMA (Dr.) P. Siva Rama Prasad	34-38	1
2	NEO-BANKS: CATALYSTS FOR INDIA'S FINANCIAL TRANSFORMATION (SERVICE VERTICALS,OPPORTUNITIES AND CHALLENGES)	CA Sudhanshu Sharma	68-72	1
3	NAVIGATING DIGITAL TRANSFORMATION IN BFSI ORGANIZATIONS	CMA Srinivasan Kalyanasundaram	85-88	3
		CMA (Dr.) G. Balasubramanian		3
		CMA (Dr.) R. Jayaram		3
4	NAVIGATING THE LANDSCAPE OF AUTOMATION: OPPORTUNITIES AND CHALLENGES IN THE ERA OF AUTOMATED SOFTWARE FOR CMAs	CMA V. Renuka	58-63	9
O				
1	ORGANISATIONAL EFFECTIVENESS AND COST MANAGEMENT	CMA (Dr.) Girish Jakhotiya	80	2
P				
1	PRECISION AGRICULTURE: KEY PATHWAY TO ‘VIKSIT BHARAT’	CMA (Dr.) Sumita Chakraborty	24-29	2
		CMA Parimal Ray		2
2	PRAGMATIC TAXATION REFORMS TOWARDS SUSTAINABLE ECONOMIC GROWTH: CHALLENGES AND OPPORTUNITIES	Dr. Pushpraj Meena	60-65	4

3	PRACTICAL APPROACH TO STOCKS AND RECEIVABLES AUDIT BY CMAs	CMA R. Subash Chandran	50-54	5
4	PARADIGM SHIFT IN AUDIT: ELECTRIFYING ROLE OF CMAs IN THE TECHNOLOGY CENTRIC THEORETICAL LANDSCAPE	CMA (Dr.) Nabanita Ghosh	70-75	9
		Dr. Geetanjali Purswani		9
5	PRODUCT LEVEL PROFITABILITY – A KEY PLAYER IN FINANCIAL SUSTAINABILITY OF BUSINESS	CMA Bhushan U Pagere	62-67	11
R				
1	REENGINEERING OF AIRCRAFT MANUFACTURING IN CHINA: THE IMPACT OF SUPPLY CHAIN MANAGEMENT AND COSTING TECHNIQUES	CMA Soumen Dutta	89-95	3
2	REVOLUTIONIZING STRATEGIC COST MANAGEMENT IN 2025: STRATEGIES FOR BUSINESS LEADERS	CMA Devarajan Swaminathan	89-91	5
3	REGIONAL DISPARITIES AND GROWTH PATTERNS OF MSMEs IN ASSAM: A DECADAL ANALYSIS (2014 - 2024)	CMA (Dr.) Purnendu Basu	62-67	6
		Dr. Atul Kumar Paul		6
4	REGULATORY FRAMEWORK AND COMPLIANCES: BEST PRACTICES, ISSUES, AND HURDLES IN IMPLEMENTATION FOR THE COOPERATIVE SECTOR IN INDIA	CMA Om Prakash Prasad	26-32	7
5	RESHAPING THE INDIRECT TAX REGIME TO STRIDE TOWARDS VIKSIT BHARAT 2047	CMA Pankaj Kapoor	88-91	9
6	RE-DESIGNING OF GSTR3B	CMA Asim Saha	85-87	10
7	ROLE OF AI TOOLS IN COST AUDIT OPPORTUNITIES & CHALLENGES FOR COST AUDITORS IN INDIA	CMA (Dr.) Ritesh Agarwal	45-48	12
S				
1	STORY OF UPLIFTING PEOPLE FROM BOTTOM OF THE PYRAMID	CMA (CA) Rammohan Bhawe	78-79	2
2	STRATEGIC PLAN OF FINANCIAL INSTITUTIONS TO STRENGTHEN THE MSME SECTOR	CMA Naveen Jain	47-50	4
3	‘SIMPLIFICATION AND HANDHOLDING’ - A STRATEGIC APPROACH FOR SAFEGUARDING STARTUPS AND GENERATING EMPLOYMENT IN INDIA	Dr. Ashim Paul	79-85	4
4	STEP-BY-STEP APPROACH TO GOING PUBLIC WITH AN INITIAL PUBLIC OFFERING (IPO) IN THE INDIAN STOCK MARKET AND VALUE CREATION	CMA Mrutyunjaya Mohanty	79-85	5
5	SEVEN MANTRA OF SUCCESS (SMS) FOR SUCCESSFUL MSME ENTREPRENEURS	CMA (Dr.) P. Siva Rama Prasad	30-34	6
6	SECTORAL INSIGHTS AND SUSTAINABILITY TRENDS: AN EMPIRICAL INTROSPECTION BASED ON ESG SCORES	Dattatreya Dutta	98-103	6
		CMA (Dr.) Debdas Rakshit		6

7	SMART METERING IN INDIA: PAVING THE WAY FOR AN EMPOWERED ENERGY FUTURE	CMA (Dr.) Bijay Kumar Mohanty	20-26	8
8	STRATEGIC ROLE OF IFSC IN RESHAPING INDIA'S GLOBAL FINANCIAL FOOTPRINT	CMA Annapragada Sreekar	56-60	8
9	STRATEGIC COST PERSPECTIVE – BUILDING COMPETITIVE ADVANTAGE IN BUSINESS	M Nagesh Babu	25-26	10
10	SUSTAINABILITY AS PART OF THE VALUE STRATEGY	CMA Subhasish Ghosh	27-28	10
11	SAP JOULE: EMPOWERING FINANCE TEAMS	Dr. Ravi Surya Subrahmanyam	88-91	10
12	SUSTAINABLE FINANCE: STEERING INDIA TOWARDS A GREENER FUTURE	Binita Pradhan	31-33	11
		CMA Bibekananda Pradhan		11
13	SUSTAINABLE FINANCE AND INVESTOR AWARENESS	CMA IN Murthy	34-39	11
14	STRATEGIC COST AUDIT: A TOOL FOR TRANSFORMING COMPLIANCE INTO COMPETITIVE INTELLIGENCE	CMA Rajendra Kumar Joshi	34-39	12
T				
1	THE NEOBANKING LANDSCAPE: INDIAN VIS-À-VIS GLOBAL	CMA (Dr.) Sandip Sinha	44-48	1
2	THE ROLE OF ETHICS IN SHAPING THE FUTURE OF BANKING IN INDIA	CMA Quiser Aman	57-61	1
3	THE CONTRIBUTION OF AGRICULTURAL SECTOR IN VIKSIT BHARAT	CMA Sureshkumar M	30-32	2
4	TECH-DRIVEN FARMING: ANALYZING THE COSTS AND BENEFITS OF AGRI-TECH	CMA Avinash S P	33-39	2
5	THE EVOLVING ROLE OF CMAs IN A CHANGING AGRICULTURAL LANDSCAPE	CMA (CA) Vinod Krishnan Panicker	49-54	2
6	TRANSFORMING AGRICULTURAL MARKETING FOR VIKSIT BHARAT 2047	CMA (Dr.) T. Rajesh	64-67	2
		Pooja Sasi V S		2
		Adwaith Gopan		2
7	TRANSFORMING HOMES INTO FINANCIAL SAFETY NETS: THE PROSPECTS OF REVERSE MORTGAGES IN INDIA	CMA (Dr.) Purnendu Basu	86-91	2
8	THE GUIDING LIGHTS OF MENTORSHIP IN WOMEN'S EMPOWERMENT - WITH #I AM REMARKABLE - CASE STUDY	CMA (Dr.) Dipra Bhattacharya	29-34	3
		Aishee Bhattacharya		3
9	THE CHALLENGE OF PRODUCT MIX	CMA (Dr.) Girish Jakhotiya	74	4
10	THE CONTRIBUTION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) TO SKILL DEVELOPMENT	CMA Rakesh Dhingra	75-78	4
11	THE DHFL SCAM: A CASE OF REGULATORY FAILURE	Dipankar Mondal	44-49	5
		CMA Prasenjit Roy		5
		CMA (Dr.) Arindam Gupta		5

12	TECHNOLOGY TRANSFORMING THE AUDIT PROCESS	CMA Geeta Dhingra	68-69	5
13	THE ROLE OF MSMEs IN FOSTERING ENTREPRENEURSHIP AND DRIVING ECONOMIC GROWTH IN INDIA	CMA Arghya Banerjee	24-28	6
14	THE ROLE OF MSME IN CREATING ENTREPRENEURSHIP AND ECONOMIC GROWTH IN INDIA	CMA Deep Agrawal	48-50	6
15	THE ROLE OF CO-OPERATIVES IN FOSTERING RURAL ECONOMIC GROWTH	Dr. Rajesh Khatri	56-62	7
16	THE SIGNIFICANCE OF STRATEGIC MANAGEMENT ACCOUNTING!	CMA (Dr.) Girish Jakhotiya	77	7
17	THE HIDDEN COST OF UNDER PRICING: WHY MARGINS MATTER MORE THAN MARKET SHARE	CMA Devarajan Swaminathan	90-91	7
18	TCM IN MANUFACTURING INDUSTRY	CMA Bhushan U Pagere	92-95	7
19	THE GIC GOLD RUSH: A STRATEGIC COST MANAGEMENT ANALYSIS OF ESTABLISHING GLOBAL IN-HOUSE CENTRES IN IFSC	CMA Meet Jogatar	53-55	8
20	THE AI-READY CMA: DRIVING INTELLIGENCE, INTEGRITY, AND IMPACT	CMA Ravi Sharma	30-33	9
21	THE TRANSFORMATIVE IMPACT OF ARTIFICIAL INTELLIGENCE ON COST AND MANAGEMENT ACCOUNTING: OPPORTUNITIES, CHALLENGES AND STRATEGIC IMPLICATIONS	CMA Shaik Habeeb Pasha	50-56	9
22	THE ARTIFICIALLY INTELLIGENT ENTERPRISE: CMA’s STRATEGIC ROLE IN BUILDING A SCALABLE AI AUTOMATION STRATEGY ACROSS FUNCTIONS	CMA (Dr.) Dipra Bhattacharya	79-84	10
23	TRANSFORMING FOOD PROCESSING THROUGH ARTIFICIAL INTELLIGENCE: A STUDY ON PRACTICAL APPLICATIONS AND IMPACTS	Simi B.S.	84-88	11
		CMA (Dr.) T. Rajesh		11
U				
1	UNIFIED PAYMENTS INTERFACE (UPI) AND THE FUTURE OF CASHLESS BANKING: REGIONAL ADOPTION, GLOBAL COMPARISONS, AND POLICY INNOVATIONS	CMA Avik Ghosh	26-30	1
		Ankit Magotra		1
2	UNION BUDGET 2025 - PROBABLE IMPACT ON AGRICULTURE SECTOR (FIRST ENGINE OF GROWTH)	Dr. Vinayak S. Deshpande	20-23	2
3	UTILIZATION OF CSR IN SKILL DEVELOPMENT BY MARUTI SUZUKI INDIA LIMITED [FORMERLY MARUTI UDYOG LTD.] AND THE EMPLOYMENT OF TRAINEES WITHIN THE COMPANY	CMA (CS) Rakesh Dhingra	81-85	2

4	UNHEARD VOICES, UNSEEN STRENGTH: EMPOWERING MINORITY WOMEN IN RURAL BENGAL	Dr. Asish Kumar Pal	48-53	3
		CMA Bivas Acharyya		3
5	UPLIFTING PEOPLE FROM BOTTOM OF THE PYRAMID	CMA Rammohan Bhav	75	3
6	UPLIFTING PEOPLE FROM BOTTOM OF THE PYRAMID	CMA Rammohan Bhav	73	4
7	UNDERSTANDING THE ROLE AND IMPACT OF THE INSOLVENCY AND BANKRUPTCY BOARD OF INDIA	CMA Agam Bhushan Gulati	70-72	5
8	UPLIFTING PEOPLE FROM BOTTOM OF THE PYRAMID	CMA Rammohan Bhav	77	5
9	UNDERSTANDING INDUSTRY CONSOLIDATION IN INDIA: AN EMPIRICAL ANALYSIS OF MEASUREMENT CHALLENGES	Amit Kundu	92-96	9
		Ranjit Saibya		9
V				
1	VIKSIT BHARAT: UNLEASHING THE POWER OF NARI SHAKTI	CMA Kajal Mishra	37-41	3
		Deblina Mishra		3
2	VALUATION - MODELS	CMA Rammohan Bhav	76	7
3	VALUATION UNDER INSOLVENCY	CMA Rammohan Bhav	68	8
4	VALUATION CASE STUDIES UNDER MERGER & ACQUISITIONS	CMA Rammohan Bhav	86	9
5	THE TAXATION SYSTEM IN INDIA: EVOLUTION THROUGH THE LENS OF THE INDIAN KNOWLEDGE SYSTEM	Dr. Anirban Ghosh	99-103	11
W				
1	WOMEN AS MENTORS - A DIFFERENT DIMENSION TO LEADERSHIP	Usha Ganapathy Subramanian	42-47	3
		Dr. Ranjith Krishnan		3
2	WOMEN’S PARTICIPATION IN INDIAN MSMEs: A PATH TO INDUSTRIALIZATION AND EMPLOYMENT	Dr. Lalatendu Kesari Jena	68-73	6
		Atisha Panda		6
3	WHEN THE SOURCING BECOMES PROBLEMATIC!	CMA (Dr.) Girish Jakhotiya	84	6
4	WHITE REVOLUTION 2.0: ENHANCING RURAL PROSPERITY AND STRENGTHENING COOPERATIVE EFFORTS FOR SMALL FARMERS	Dr. S. Dharmaraj	63-69	7
5	WHY ICAI SHOULD TEACH ERP: A STRATEGIC IMPERATIVE FOR THE NEXT-GEN COST AND MANAGEMENT ACCOUNTANT	CMA Ramesh Kumar Ganti	56-58	12

Miscellaneous Index 2025 (Vol. 60 Nos. I - XII)

Sl No.	Topic	Jan	Feb	March	April	May	Jun	July	Aug	Sep	Oct	Nov	Dec
1	Editorial/ From the Editor's Desk	06	06	06	06	06	06	06	08	06	06	06	06
2	President's Communique	08	07	07	07	07	07	07	09	07	07	07	07
3	From the Desk of the Chairman/ Chairman's Communique	15,17	-	-	15	15	13	17	-	13		-	-
4	ICMAI-CMA Snapshots	22	18	16	16	16	22	24	16	24	16	17	13
5	Down the Memory Lane	96	92	96	92	106	104	96	88	98	92	104	98
6	Institute News/News from the Institute	98	94	98	94	108	106	98	90	100	94	106	100
7	Statutory Updates	115	115	117	115	116	116	118	118	118	108	-	-
8	Flash Back 2024	118	-	-	-	-	-	-	-	-	-	-	-
9	Article/Author Index 2025 (Vol. 60 Nos. I-XII)	-	-	-	-	-	-	-	-	-	-	-	110
10	Miscellaneous Index 2025 (Vol. 60 Nos. I-XII)	-	-	-	-	-	-	-	-	-	-	-	121
11	Standing & Other Committees/Boards/ Cells/ TaskForces for the year 2025-2026	-	-	-	-	-	-	-	-	14	-	-	-
12	Advisory for Renewal of Certificate of Practice 2025-26		119	120	118	120	120	-	-	-	-	-	-
13	Union Budget 2025	-	113	-	-	-	-	-	-	-	-	-	-
14	Interview	79	-	72	66,70	74	76	71	62	82	68	76	76
15	Glimpses: 62 nd NCMAC 2025	-	-	-	-	-	15	-	-	-	-	-	-
16	Glimpses: 12 th National Students' Convocation 2025	-	-	-	-	-	-	18	-	-	-	-	-
17	Guidelines for Members under CPE 2024	-	-	-	-	-	-	-	-	-	112	-	-
18	Book Review	-	-	70	-	-	-	-	-	-	66	-	-
19	Brochure: 62 nd NCMAC 2025	-	-	-	24	18	-	-	-	-	-	-	-
20	Papers Invited – The Management Accountant	-	-	-	-	-	-	-	122	122	122	122	122
21	Brochure – 63 rd NCMAC 2026	-	-	-	-	-	-	-	-	-	-	-	16

THE MANAGEMENT ACCOUNTANT

PAPERS INVITED

Cover Stories on the topics given below are invited for '*The Management Accountant*' for the four forthcoming months

January 2026	Theme	Strategic Role of CMAs in Risk Management, Cost Management and Innovation in the Banking Sector	Subtopics	<ul style="list-style-type: none"> Role of CMAs in strengthening risk-based internal audits in banks CMA's role in credit risk assessment and recovery management CMA's role in Credit appraisal, project financing, and cost-benefit analysis Cybersecurity, risk assessment and financial controls Digital Banking & Fintech Role of CMAs in treasury operations and foreign exchange risk management Sustainability & ESG in Banking Agency for Specialized Monitoring (ASM) of large borrowal accounts Due diligence and valuation for mergers, acquisitions, and restructuring of banks CMA's role in evaluating cost efficiency of financial inclusion schemes
February 2026	Theme	Sustainable Agriculture for a Resilient and Food-Secure Future	Subtopics	<ul style="list-style-type: none"> National Mission on Natural Farming Digital Agriculture Mission (DAM) Climate-Smart Agriculture Can Organic Agriculture Sustain the Global Population? Activity-Based Costing (ABC) in Sustainable Agriculture Cost-Benefit Analysis of Sustainable Agricultural Technologies Performance Measurement and Sustainability Reporting in Agri-Business Youth and Women in Sustainable Agriculture
March 2026	Theme	Give to Gain: Women Driving Financial Sustainability through Strategic Management Accounting	Subtopics	<ul style="list-style-type: none"> Women Leaders Giving Vision to Gain Financial Sustainability Women Accountants as Ethical Stewards: Giving Integrity to Gain Trust Women Mentors in Finance: Giving Guidance to Gain Growth Women Driving Financial Inclusion: Giving Access to Gain Economic Empowerment Women Innovators in Management Accounting: Giving Ideas to Gain Digital Advantage Women Professionals in ESG: Giving Stewardship to Gain Sustainable Impact Women Building Resilience: Giving Strength to Gain Organizational Stability Women Empathetic Leadership: Giving Empathy to Gain Ethical Excellence
April 2026	Theme	Financial Year 2026-27 – Digital, Dynamic, Driven	Subtopics	<ul style="list-style-type: none"> Empowering Decisions Through Data Agile Workflows for a Fast-Changing World Digital Cost Optimization & Real-Time Cost Visibility Strategic Cost Management for Sustainable Value Creation Enhancing Cost Transparency Through Integrated ERP Systems Sustainable Growth Through Smart Technology Strengthening Compliance Through Evolving GST Framework Adapting to New Labour Laws Through Digital Workforce Management - Building Skills for a Future Ready Workforce

The above subtopics are only suggestive and hence the articles may not be limited to them only.

Articles on the above topics are invited from readers and authors along with scanned copies of their recent passport size photograph and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else.

Please send your articles by e-mail to editor@icmai.in latest by the 1st week of the previous month.



DIRECTORATE OF JOURNAL & PUBLICATIONS

CMA Bhawan, 4th Floor, 84 Harish Mukherjee Road, Kolkata - 700025, India

www.icmai.in

RESEARCH BULLETIN

Volume 50 • Nos. III & IV • Oct - 2024 & Jan - 2025

Price of Single Copy: ₹400.00 only
Annual Subscription (for Four Volumes): ₹1200.00 p.a.
Courier Charges: ₹200.00 p.a. for four volumes
Payment Mode: NEFT/ RTGS/ Demand Draft



Latest Edition

For further queries please
feel free to communicate with us at:
research.bulletin@icmai.in



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

www.icmai.in



Research Bulletin, Vol. 51 No. IV January 2026 (ISSN 2230 9241)

Call for Research Papers/Articles

We invite you to contribute research paper/article for "Research Bulletin", a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publishing high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

Guidelines to submit full Paper

- Soft Copy of the full paper should be submitted in double space, 12 font size, Times New Roman, keeping a margin of 1 inch in four sides, MS Word (.doc) format.
- Each paper should be preferably within 5000 words including all.
- An abstract of not more than 150 words should be attached.
- The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address.

Papers are invited on the following topics, but not limited to:

- ▲ *The Impact of Artificial Intelligence (AI) on Financial Reporting Accuracy*
- ▲ *Cost-Benefit Analysis of Blockchain Adoption in Supply Chain Finance*
- ▲ *Integrating ESG Factors into Capital Budgeting Decisions*
- ▲ *Green Energy*
- ▲ *Cybersecurity in an AI-Dominated World*
- ▲ *Corporate Sustainability and Corporate Governance*
- ▲ *Global Health Equity*
- ▲ *Startups*
- ▲ *Banking & Insurance*
- ▲ *GST*
- ▲ *Cost Audit*
- ▲ *Customer Relationship Management (CRM)*
- ▲ *Venture capital*
- ▲ *Forensic Accounting and Auditing*
- ▲ *Securities Markets in India*

Papers must be received within

15th February, 2026

in the following email id:

research.bulletin@icmai.in

